DRUK HOLDING AND INVESTMENTS LTD.

OWNERSHIP POLICY

(SECOND EDITION)
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Druk Holding and Investments (DHI) Limited is pleased to bring out the second edition of DHI's Ownership Policy. The first Ownership Policy was introduced in 2010 to provide the framework for administration of DHI's portfolio companies and define its relationships with other key stakeholders.

As the investment arm of the State, it is crucial for DHI to exercise its ownership functions effectively since its portfolio companies play a pivotal role in providing critical services to the citizens and contribute towards sustainable economic development of the nation. Today, DHI's portfolio companies operate in the energy, telecommunication, aviation, natural resources, financial, and manufacturing sectors. It is imperative that these companies operate efficiently in maintaining its commercial competitiveness.

The Ownership Policy has been revised to refine and improve the framework for administration of DHI's portfolio companies. The revised Ownership Policy document articulates expectations, policies and functional relationships with respect to its companies to fulfill the mandate of the Royal Charter issued for Druk Holding and Investments. A separate Corporate Governance Code document has been developed to provide comprehensive guidance on the governance of the companies.

I hope this document will contribute in strengthening the corporate governance and performance management culture among DHI companies.

Lyonpo Om Pradhan  
26 November 2013
1. **INTRODUCTION**

1.1 The DHI Ownership Policy was introduced in 2010 to provide an overall framework for the governance of companies and investments under the ownership of DHI. The Policy has been revised to refine the ownership administration framework and to incorporate new policy requirements to keep up with the changing business environment and corporate governance standards.

1.2 This revised Ownership Policy document articulates DHI’s expectations, policies and functional relationships with respect to its companies to fulfil the mandate of the Royal Charter for Druk Holding and Investments Ltd. This Ownership Policy is complemented by a new separate Corporate Governance Code document. The Code has been developed based on international standards and practices.

1.3 This Ownership Policy should be read in conjunction with the Companies Act and other relevant regulations of the country.

1.4 The revised DHI Ownership Policy shall come into effect from 26 November 2013.

2. **DEFINITION OF DHI PORTFOLIO COMPANIES**

2.1 DHI Portfolio Companies (DPCs) consists of all the companies in which DHI has shares. These companies are classified into three sub-groups based on DHI’s shareholding:

a. DHI Owned Companies (DOCs) – Those companies that are fully owned by DHI.

b. DHI Controlled Companies (DCCs) – Those companies in which DHI owns more than fifty percent of the paid up equity share capital.

c. DHI Linked Companies (DLCs) – Those companies in which DHI owns fifty or less percent of the paid up equity share capital.
3. POLICY APPLICABILITY

3.1 The Ownership Policy shall be applicable to all the above three categories of companies as per the relevant provisions specified in this document. In general, DOCs and DCCs are required to apply all the provisions of the Policy. For DLCs, DHI shall ensure the application of most of the elements covered in this Ownership Policy.

3.2 In addition, all DOCs and DCCs shall adopt the Corporate Governance Code and associated guidelines such as the Board Charter, the Audit Committee Charter and the Code of Conduct, which are appendices to the Corporate Governance Code. In adopting the CG Code, we are also mindful of the current corporate governance practices and readiness in the Bhutanese corporate sector.

Therefore, while we shall aim to comply with international standards of corporate governance practices as prescribed in the CG Code document; the DOCs and DCCs are recommended to apply the provisions of the Code and the associated guidelines in a phased manner starting with the implementation of basic requirements of good corporate governance practices. DLCs are also encouraged to apply the Code and the associated guidelines as model for improving corporate governance practices in their companies.

4. MANDATE, MISSIONS AND PRIMARY FUNCTIONS OF DHI

4.1 Mandate

The policies and frameworks for the administration of DHI and its portfolio companies shall be guided by the Royal Charter for Druk Holding and Investments Ltd. issued in November 2007 and revised in November 2008. As stated in the Royal Charter, the primary mandate of DHI is to:

“Hold and manage the existing and future investments of the Royal Government of Bhutan for the long-term benefit of its shareholders, the people of Bhutan”.

4.2 Missions

DHI’s missions are to:

a. Accelerate socio-economic development;
b. Enhance national wealth;
c. Help build a dynamic economy;
d. Lead and stimulate private sector development; and  
e. Transform DHI companies into highly efficient and productive companies.

4.3 Primary Functions  
In fulfilment of the above mandate and missions, as prescribed in the Royal Charter, the following shall be the primary functions of DHI:

a. Improve corporate governance of the GLCs by appointing their Board of Directors and CEOs who are professionally qualified, well experienced, highly motivated and of high integrity.

b. Improve performance of the GLCs by tracking their performance to ensure sound business management and financial control through setting of performance targets and benchmarks for the GLCs, and holding the DPCs responsible for meeting those targets and benchmarks.

c. Achieve optimal capital efficiency by consolidating resources of the GLCs.

d. Provide guarantees, where required, for the GLCs, if deemed appropriate by DHI.

e. Invest in the existing GLCs to revitalize, restructure and expand their business, and also invest in new companies and businesses.

f. Make investments outside Bhutan.

g. Promote and encourage entrepreneurship and business development through venture capital and other required institutional support.

h. Act as an incubator and initiate businesses in new areas.

i. Divest shares in the DPCs with no strategic interest to the government or where government participation may not be necessary.

j. Raise funds through borrowing from domestic and international financial institutions and through the issuance of debt, equity or other securities in the domestic and international capital markets.

k. Subscribe or purchase equity, debt or other securities.

l. Provide managerial or other support services on a fee basis to both public and private sectors.

m. Undertake investments in reserved sectors and activities.
5. LEGAL FRAMEWORK

5.1 DHI is a state entity and will act as per the Royal Charter for DHI for the purposes and functions stated therein. It will also be governed by the Companies Act and all other legislation and regulations of Bhutan.

5.2 DHI will own and manage its assets with full commercial discretion and flexibility including investment, divestment and business decisions under the guidance of its Board.

5.3 DPCs shall be required to abide by all relevant legislation and regulations, such as the Companies Act and any other specific laws and regulations pertaining to specific entities. In addition, DPCs will be required to comply with the rules and regulations of all jurisdictions in which they have investments and operations.

6. DHI’S EXPECTATIONS OF PORTFOLIO COMPANIES

6.1 DHI will operate as an active owner and principal shareholder of DOCs and DCCs. DHI expects that the DOCs and DCCs board of directors and senior management will inform the principal shareholders on key business strategies, financial matters, restructurings and on major decisions or on any matter that may have significant impact on the shareholder.

6.2 DHI expects all DPCs to operate on a commercial basis, earn a commercial rate of return, in a competitive environment for profitability and long-term growth in shareholder value. This means that they have to operate efficiently on the same terms as their competitors so that the ownership arrangement does not distort competition.

6.3 All DPCs are expected to be familiar with the tenets of good corporate governance. The companies shall ensure that they contribute to a foundation of trust between shareholders, directors and management built on accountability, fairness, transparency and responsibility.

   a. Accountability – That management is accountable to the board and that the board is accountable to shareholders.

   b. Fairness- That all shareholders will receive equal, just and unbiased consideration by directors and management.

   c. Transparency – All material information shall be disclosed to shareholders
in a timely manner. Directors should be able to clarify to shareholders and other key stakeholders why each material decision has been made.

d. Responsibility – Directors and senior management shall carry out their duties with honesty, probity and integrity.

6.4 DHI expects board directors and employees of its companies in undertaking their businesses remain apolitical and avoid activities that could give rise to questions about their political neutrality. The DHI companies should not make direct or indirect political donations or participate in activities sponsored or in support of political causes.

7. FRAMEWORK FOR ADMINISTRATION OF DHI’S OWNERSHIP

7.1 RELATIONSHIPS WITH THE GOVERNMENT

7.1.1 General Interface with Government Agencies

The broad interface between government agencies and DPCs, particularly the DOCs, shall be as follows:

i. **Statutory requirements:** For fulfilling normal statutory requirements relating to day-to-day operations, such as paying taxes and duties, obtaining licenses and clearances, complying with rules and regulations, auditing, etc., the DOCs shall interface directly with the government or statutory agencies.

ii. **Government policy related matters:** Government agencies may directly communicate with the DOCs for any policy directives related to the concerned DOC and keep DHI informed.

iii. **Regulatory related matters:** Regulatory agencies shall also directly interact with the relevant DOCs on any regulatory aspects.

iv. **Shareholder related matters:** Where the policies and regulations have impact on shareholder rights, particularly pertaining to commercial interests, DOCs shall consult DHI as the shareholder for feedback and dialogue with the relevant government agencies. If there are crosscutting issues, policies that impede the functioning of DOCs, DHI may on behalf of the companies take up the matter with the government.
7.1.2 Arrangements for Implementing Government Plans

i. As the commercial arm of the government, DHI and DOCs shall be expected to identify and carry out new, commercially viable projects. They shall be encouraged to examine the government’s Five Year Plan and other documents to identify projects that are commercially viable and can be implemented through the framework for Private Participation in Infrastructure (PPI). Where there is an opportunity for partnership with the private sector, the companies shall be encouraged to work with them.

ii. In case of projects that are initiated by the government, the following two approaches may be adopted:

   a. Commercially Viable Projects
      The Government may identify projects that are commercially viable and in collaboration with DHI/DOCs validate the viability of the projects prior to their implementation by the latter.

   b. Socially Oriented Projects
      When the involvement of a DOC in a social project is required, prior to starting the project, the company shall ensure that all subsidies required for implementation of the project and for operating and maintaining the infrastructure has been agreed with the government.

7.2 RELATIONSHIPS BETWEEN DHI AND DPCs

DHI as shareholder in DPCs will exercise its shareholder rights within the overall framework of the Companies Act and other regulations. As a holding company, DHI is responsible for ensuring that DPCs strive for excellence by constantly improving productivity, efficiency, customer service and ensuring high levels of corporate governance standards. DHI will work with DOCs and DCCs to harness synergies and collaborative efforts across companies where such efforts are valuable, constructive and feasible. Specific interface arrangements between DHI and DOCs, DCC, and DLCs are presented in the following sections.

7.2.1 DHI’s Relationship with DOCs

DHI shall be responsible for the exercise of its rights as a shareholder in DOCs in the following:

   a. Approving and making revisions to the Articles of Incorporation (AoI);

   b. Setting overall corporate governance guidelines;

   c. Setting the terms of appointment for the board directors;
d. Appointing the board directors and identifying the chairperson;

e. Approving the appointment of the CEOs;

f. Recommending DOCs to prepare and submit Corporate Strategic Plans to DHI;

g. Approving the Five Year Investment and Financing Plan (FYIFP) and reviewing it annually;

h. Developing a dividend policy for each of the DOCs;

i. Holding discussions with the company board on issues of strategic importance;

j. Approving remuneration guidelines of the board;

k. Taking the lead in exploiting synergies in areas such as procurement, IT, HR, advertising and other such common areas;

l. Exploring synergies for optimizing fund mobilization and utilization; and

m. Setting targets and monitoring performance through annual Compacts.

n. Where a DOC owns subsidiary company, DOC shall be responsible for the governance and performance of the subsidiary. DOC shall consult DHI on major decisions on the subsidiary’s functions and activities.

7.2.2 DHI’s Relationship with DCCs

DHI shall be responsible for the exercise of its rights as a majority shareholder in the DCCs. The rights it shall exercise include:

a. Approving and making revisions to the Articles of Incorporation (AOI);

b. Setting overall corporate governance guidelines;

c. Setting the terms of appointment for the board directors;

d. Appointing the board directors and identifying the chairperson;

e. Approving the appointment of the CEOs; and

f. Approving remuneration guidelines of the board.

In addition, DHI may exercise its majority shareholder prerogative in the following:

g. Approving the overall remuneration policies for employees of the company;

h. Recommending DCCs to prepare and submit Corporate Strategic Plans to DHI;

i. Approving the Five Year Investment and Financing Plan (FYIFP) and reviewing it annually;
j. Developing a dividend policy for each of the DCCs;
k. Holding discussions with the company board on issues of strategic importance;
l. Taking the lead in exploiting synergies in areas such as procurement, IT, HR, advertising and other such common areas;
m. Exploring synergies for optimizing fund mobilization and utilization; and
n. Setting targets and monitoring performance through annual Compacts.

7.2.3 DHI’s Relationship with DLCs
As a shareholder, DHI is responsible for ensuring that its DLCs strive for excellence by constantly improving productivity, efficiency, customer service and ensuring high levels of corporate governance standards. DHI shall exercise its shareholder rights in DLCs in the following:
a. Appointing the board directors based on its shareholding pattern;
b. Introducing best management practices;
c. Encouraging the DLCs to sign annual Compacts with their board and monitoring performance; and
d. Protecting DHI’s interest as a shareholder.

7.2.4 Duties and Responsibilities of DPCs to DHI
7.2.4a. Responsibilities of DOCs and DCCs to DHI
The responsibilities of DOCs and DCCs to DHI shall include:
i. Providing dividends;
ii. Entering into annual Compacts with DHI;
iii. Submitting quarterly, semi-annual and annual performance reports. This shall also include semi-annual financial statements and annual audited financial statements, respectively;
iv. Submitting Corporate Strategic Plans;
v. Submitting the Five Year Investment and Financing Plans and divestment proposals; and
vi. Any other information as may be required by DHI.
7.2.4b Responsibilities of DLCs to DHI

The responsibilities of DLCs to DHI shall include:

i. Providing dividends;

ii. Submitting semi-annual and annual performance reports. This shall also include semi-annual financial statements and annual audited financial statements, respectively; and

iii. Any other information as may be required by DHI.

7.2.5 Coordination and Communications Channel between DHI and DPCs

i. With the exception of confidential information that shall be solicited from the CEO only, the preferred channel of communication for routine information between DHI and the DPCs shall generally be through designated focal points in the companies and DHI.

ii. DHI shall designate DHI’s Planning and Monitoring Unit to coordinate and correspond with individual DPCs on all matters related to the respective companies. DHI’s nominee board directors in the DPCs shall also act as focal point for DHI and the respective companies.

iii. The DPCs shall identify a focal person in its company to be responsible for coordination and communication of all matters between DHI and the company.

iv. However, communication shall not be restricted to the preferred channel only, and both DHI and the DPCs shall work closely to ensure constructive and effective communication.

8. POLICY REQUIREMENTS

DHI will develop and state policy expectations, in broad or specific terms for DPCs from time to time. DHI expects all DOCs and DCCs to apply and abide by the following policy requirements. To the extent of its shareholding, DHI shall also work with other shareholders of DLCs to ensure the application of these policies.

8.1 Corporate Governance

i. All statutory and regulatory obligations are to be met in an exemplary manner.

ii. DHI’s Code of Corporate Governance (the Code) is to be applied by all companies in which DHI has a majority shareholding.
iii. The application of the Code includes consideration and application of the principles established in the documents accompanying the Code, specifically the Code of Conduct for Directors and Senior Management, the Board Charter and the Audit Committee Charter, and other guidance that may be issued by DHI from time to time.

iv. Companies will specifically prepare an annual Corporate Governance Report, or will include it in their Annual Report as a clearly distinguishable section.

v. All DOCs and DCCs are encouraged to pursue corporate social responsibility (CSR) activities in accordance with the CSR policy developed by DHI.

8.2 HR administration and development

i. DHI companies should strive to be equal opportunity employers and should practice non-discriminatory HR policies.

ii. Companies should establish fair and transparent recruitment and promotion procedures to promote high performance and meritocratic culture.

iii. Companies shall adopt policies to promote talent development and employee retention.

iv. The companies should create a safe and healthy work environment for their employees.

v. Companies shall support their employees in realizing their potential through structured functional skills and leadership development programmes.

8.3 Remuneration and other employee benefits

i. DHI will set the remuneration and other employee benefits framework for the employees of DOCs.

ii. Employee remuneration must be fair and sufficient to attract and retain the talent required for company development.

iii. Salaries and employee benefit schemes for management and other employees shall be based on criteria related to long-term financial performance and overall success of the company.

8.4 Selection and Appointment of CEOs and Board Directors

i. DHI will issue guidelines for selection and appointment of CEOs of DOCs and DCCs.

ii. The CEO is directly accountable to the board and it is expected that the board shall use due diligence as per the guidelines issued by DHI in selecting the best candidate for the CEO positions.
iii. DHI as the shareholder shall approve the appointment of the CEOs.

iv. DHI will appoint all board directors of DOCs and will work with other shareholders in the board appointment process in DCCs and DLCs. DHI shall appoint at least one DHI officer as nominee director in each board of DPCs.

v. DOC boards shall through their Nominations and Governance Committee (NGC), notify DHI of any current or impending vacancy arising out of resignation, termination, retirement, or death.

vi. DHI will work with DOC boards through their NGC in the board selection and appointment process. The NGC shall act in an advisory capacity only. In the case of DCCs and DLCs, DHI shall work with other shareholders and with the boards in establishing the right composition of the board.

vii. DHI may remove a member of a board of DOCs and work with other shareholders in DCCs and DLCs for removal of a member of the board:

   a. If he is convicted in a court of law for criminal offence;

   b. If he fails to attend three consecutive meetings or two-thirds of the meetings held in a year;

   c. If three-fourth of the board, excluding the concerned director, vote in favour of his removal;

   d. If, based on his annual evaluation, DHI deems him to be unfit to work on the board;

   e. If his conduct is found to be detrimental to the interest of the company;

   f. If in the conduct of the business of the board and the company, he has used his position for personal gains, favoured certain parties or exhibited vested interest that infringe on the objectives of the company;

   g. If he has, or acquires a substantial interest in, a business engaged in a similar line or which has substantial dealings with the company; or

   h. For any other reasons as stipulated by the Companies Act.

8.5 Other Policy Requirements

   i. DHI shall develop land ownership and management policy.

   ii. DHI shall develop policies on raising external funds, making investments abroad and foreign exchange management in consultation with the relevant stakeholders.
9. INVESTMENT AND DIVESTMENT GUIDELINES

9.1 Investment

9.1.1 DHI has been set up to manage commercially oriented companies of the government and to make new investments with the primary objective of enhancing national wealth. Therefore, the DOCs shall principally make investments that are commercially viable.

9.1.2 With the exception of social projects for which government subsidies shall be provided, DHI expects all investments to be profitable and have positive returns in the long run.

9.1.3 While individual companies shall be responsible for framing their own investment plans, DHI may also require the companies to take up certain investments on behalf of DHI and/or the government.

9.1.4 DOCs shall submit FYIFP to DHI for review and approval and will update annually on a five-year rolling basis. Any investment plans that are not within the object clause of the company will require a separate approval from DHI.

9.1.5 The review and endorsement process of the FYIFP at DHI, among other things, shall mainly include a study on whether the plans are aligned with DHI’s overall mandates; whether the investment adversely affects the company’s ability to meet returns expected by DHI from the company; whether it exposes the company to unacceptable risks; and whether it optimizes use of capital. DHI may, if necessary, initiate discussions with the company to study and review the FYIFP in greater detail and in consultation with the company may revise the document so that it meets the objectives of both the company and DHI.

9.1.6 The FYIFP of the company shall also be used to determine the dividend and reserve policy and the target capital structure of each of the DOCs.

9.2 Divestment

Divestment shall be at two levels: i) DHI’s divestment of its shares in the DOCs, and ii) sale of assets or shares in other companies owned by the DOCs.

9.2.1 DHI’s Divestment of its Shares in the DOCs

DHI in consultation with the government shall classify the DOCs into strategic and non-strategic companies. DHI may divest shares either partially or fully in DOCs that are not of strategic interest to the government. Allowable limits of divestments for strategic companies will
also be determined. Shareholdings will be evaluated on a regular basis as part of overall monitoring.

Key objectives of divestment shall be:

i. To raise capital for new investments;
ii. To reduce debt;
iii. To optimize the use of capital by rechanneling it into areas of higher returns;
iv. To stem outflows of resources in sustaining unviable and non-strategic business;
v. To improve efficiency and corporate governance of the company by subjecting the company to market disciplines;
vi. To promote private sector participation and growth;
vii. To induct strategic partners to help in expanding or improving services in the company; or
viii. To meet statutory requirements.

Divestments shall be carried out in close consultation with the DOC board and shall be generally based on market terms and conditions.

9.2.2 Sale of Assets or Shares in Other Companies Owned by the DOCs

DHI shall be consulted before any planned divestment of:

i. Shares which are held by a DOC in other companies for purposes other than trading; and

ii. Sale of assets other than in the ordinary course of business.

10. DIVIDENDS AND RESERVES GUIDELINES

10.1 One of the primary mandates of DHI as given in the Royal Charter is to ensure that the resources of the state are safeguarded for future generations of Bhutanese through the prudent management of reserves. DHI is therefore expected to build up substantial reserves for investments and also for national exigencies. DHI is also mandated to achieve optimal capital efficiency by consolidating resources of the government-linked companies. These mandates in the Royal Charter for DHI and the DOCs provide the principle and basis for the group policy on dividends and reserves.

10.2 The DOC dividends shall be based on a ‘residual dividend policy’, which will consider the investment plans of the DOCs, their capital structures, profit projections and DHI’s dividend obligation to the Ministry of Finance. To remove volatility in the dividends to be remitted to DHI and considering each
DOC’s unique fund requirements, DHI in consultation with the individual DOC shall formulate a long-term dividend agreement for each DOC. The dividend agreement will indicate a dividend payout ratio for each DOC and will be agreed for a fixed term. The dividend agreement will also ensure that the DOCs retain adequate reserves to fund their approved investment plans.

10.3 To enable the group to build reserves for investments and national exigencies, each DOC shall create a reserve called Group Investment Reserve (GIR). The net of any dividends paid, which is either lower or higher than the agreed dividend payout ratio shall be transferred to this reserve. The settlement of accounts in the GIR between DHI and the DOC will be carried out at the end of the dividend agreement period and shall include a review of the investments carried out and the actual profits earned by the DOC during the dividend agreement period.

10.4 The funds that are accumulated through appropriations to the GIR are essentially built up from dividends that are payable to DHI as per the dividend agreement. Further, the purpose of the GIR is to build funds for investments by the group and for national exigencies. Therefore, DHI shall have full discretion on the use of the funds in the GIR. Among others, this fund may be used by DHI for equity investments, acquisition of assets or for payments as special dividends to DHI. The DOC may also initiate discussions with DHI on the use of funds in the GIR for investments by the DOC if the retained earnings of the DOC are not sufficient to cover the investments required to be made by the DOC.

10.5 The amounts in the GIR and its impact on the financial statements shall be excluded for the purposes of calculating the returns target, if any, set for the DOC by DHI. Adequate notice period will also be provided to the DOC to affect the timely transfer of funds and facilitate appropriate financial reporting.
11. **MONITORING AND REPORTING FRAMEWORK**

11.1 DHI as the shareholder of State-Owned Enterprises is obliged to manage the investments in the best interests of the Bhutanese people. It is important that DHI receive timely and relevant information to effectively monitor the performance of DPCs.

11.2 DOCs and DCCs, their boards and senior management shall collaborate with DHI in the planning, monitoring and reporting framework. They shall actively participate in target setting, in performance evaluation processes and in approving annual financial plans. DHI will engage with the entity’s boards in the accountability and monitoring role.

11.3 The planning and reporting processes will require DOCs and DCCs to provide to DHI regular annual planning and corporate reporting documents in a timely manner.

11.4 DOCs and DCCs should follow the annual planning and reporting process as per the Compact Guidelines and related performance management guidelines issued by DHI.

11.5 DLCs shall also submit performance reports to DHI in a prescribed reporting format.

11.6 When working with companies in the annual planning process or in assessing individual business cases, DHI may seek clarification or additional information from DOCs and DCCs.

12. **TRANSPARENCY AND DISCLOSURE**

12.1 DHI expects its companies to be sensitive to DHI’s accountability to the government, and to a wider audience on the company and its performance.

12.2 DHI expects transparency from its companies. Transparency increases accountability and trust in ownership and as public companies.

12.3 All DOCs and DCCs are required to provide all reports as required by the Companies Act, other rules and regulations by relevant authorities of the Royal Government of Bhutan.
12.4 The disclosure of any other information shall be at the discretion of the individual companies. However, to achieve the goal of full transparency, companies are encouraged to provide more than the minimum required information.

13. **KEY DEFINITIONS USED IN THE OWNERSHIP POLICY**

Unless the context clearly indicates otherwise, the following words / phrases / acronyms used in the document shall mean as defined below. In addition, the singular shall include the plural and the masculine gender shall include the feminine gender.

<table>
<thead>
<tr>
<th><strong>Compact</strong></th>
<th>Refers to an agreement between DHI and a DOC or DCC on agreed upon annual targets including financial, operational, corporate governance and customer service.</th>
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</table>
| **DHI Portfolio Companies (DPCs)** | Refers to all companies in which DHI has shares. These include the following:  
 i. DOCs – DHI Owned Companies. These are companies that are fully owned by DHI.  
 ii. DCCs – DHI Controlled Companies. These are companies in which DHI owns more than fifty percent of the paid up equity share capital.  
 iii. DLCs – DHI Linked Companies. These are companies in which DHI owns fifty or less percent of the paid up equity share capital. |
| **Senior management** | Means positions of the Chief Executive Officer and executives in the company who report directly to the Chief Executive Officer. |
| **Government** | Means the Royal Government of Bhutan. |
| **Government Linked Companies (GLCs)** | Means the DHI Portfolio Companies that are referred to as GLCs in the Royal Charter for Druk Holding and Investments. |
| **The Companies Act** | Means the Companies Act of the Kingdom of Bhutan 2000. |
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