



བཟོ་སྐྱོན་གོང་འཕེལ་བཀོད་ཆོག་ས།  
**CDB**  
BHUTAN



# **CDB** བཟོ་སྐྱོན་གོང་འཕེལ་བཀོད་ཆོག་ས། **CONSTRUCTION DEVELOPMENT BOARD** “Construction quality: through professionalization and technology”

Ethical Code of Conduct for  
**CONTRACTORS 2019**



དཔལ་ལྷན་འབྲུག་གཞི་ བཅོ་སྐྱོན་གོང་འཕེལ་བཀོད་ཚོགས།

ROYAL GOVERNMENT OF BHUTAN  
CONSTRUCTION DEVELOPMENT BOARD  
THIMPHU: BHUTAN

*"Construction quality: through professionalization and technology"*



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## FOREWORD

The construction industry has an important role in economic development with 16.28% contribution towards Gross Domestic Product in the financial year 2016-2017. The success of the construction industry is determined by the level of efficiency, quality, standards and professionalism in its service delivery which is directly related to the credibility of the contractors in carrying out their responsibilities. Recognizing the importance of promoting greater transparency, ethic and integrity within construction professionals, a Memorandum of Understanding with Anti-Corruption Commission & Royal Audit Authority was signed.

To streamline the conduct of contractor, The Code of Ethics for Contractors was adopted in 2014 which could not serve purpose as intended and therefore, the regulatory intervention to enforce the code is long overdue.

Towards this the Construction Development Board as regulator of construction industry is pleased to issue the ***"Ethical Code of Conduct for Contractors 2019"***. It is my sincere hope that our contractors will build their level of efficiency, quality, standards and professionalism and further strengthen adoption of noble values and ethics among contractors in the country.

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## INTRODUCTION

The construction industry has an important and unique role in national economic development. The construction industry remains the main catalyst for the development of other key economic sectors, particularly the service, manufacturing and other sectors.

The success of the construction industry is very much determined by the level of efficiency, productivity, quality and professionalism in its service delivery. The delivery of construction services is directly or closely related to the credibility of the contractors in carrying out their responsibilities.

The government has given special attention to the enhancement of the productivity, image and professionalism of the construction industry as part of its strategic thrusts to raise the construction industry to greater heights. Towards this end, the Ethical Code of Conduct for Contractors (hereinafter referred to as ‘this code’) has been drafted to further strengthen the adoption of noble values and ethics among contractors in the country.

This code of is dynamic in nature; it may undergo changes whereby its contents may be amended, added or deleted according to the requirements. Any changes to the contents require the approval of the Board, which comprises various stakeholders in the construction industry.

## **1. IMPLEMENTATION OBJECTIVES**

This code is formulated, created and implemented with the following objectives:

- a. To outline best practices as well as noble conduct which are accepted as standard practices among contractors that are capable of motivating and enhancing the level of professionalism, integrity and accountability; and
- b. To regulate the construction practices to boost the level of public confidence in the construction industry.

## **2. APPLICATION AND EFFECTIVE DATE**

- a. This code shall be accepted and adopted by all contractors in Bhutan;
- b. All contractors are obligated to abide by this code in order to uphold their personal honour, integrity and accountability as well as the reputation of the profession in particular and the construction industry in general; and
- c. This code shall come into force with effect from 1<sup>st</sup> August, 2019.

### 3. CONTENTS

This code for Contractors outlines the ethics or noble practices based on the following 6 key principles which can be regulated:

Principle 1: Honesty in Carrying out responsibilities

Principle 2: Compliance with the Laws and Regulations

Principle 3: Respect for the Individual and Community

Principle 4: Importance of Quality, Skills and Standards

Principle 5: Importance of Safety and Health

Principle 6: Importance of Environmental Preservation

### 4. PRINCIPLE 1: HONESTY IN CARRYING OUT RESPONSIBILITIES

- i. Contractors shall carry out construction works with integrity, accountability, honesty and responsibility and in an equitable, fair and excellent manner with the aim of fulfilling customer satisfaction through the attainment of a level of quality that has been agreed upon or set.
- ii. Contractors shall place the aspect of trust as the driving force in implementing construction works at the highest standards.
- iii. Contractors shall operate their business in a manner that reflects a good image as well as a healthy picture of the company, the association, the construction industry and the country, in general.

- iv. Contractors shall give priority to carry out construction works under their own commitment and to avoid the provision of works in total or repeatedly which may affect the work delivery, quality of service or construction product. All provision of works must be monitored closely to maintain the quality of service.
- v. Contractors shall refrain from verifying the implementation of the construction works of other contractors or subcontractors unless they themselves have managed or closely monitored the services.
- vi. Contractors shall refrain from using falsified documents or misleading advertisements for any purposes pertaining to the procurement of a license or contract as well as the implementation of construction works.
- vi. Contractors shall respect the sensitivity and confidentiality of information obtained during the provision of the construction service and must not disclose any information pertaining to the construction works which may threaten the interests of any parties.

- vii. Contractors shall inform their clients of any conflict of interest which may arise during the tendering process, designing and implementation of the construction project.
- ix. Contractors shall refrain from making statements that are misleading or defamatory in nature with the intention of creating confusion or negative impact on any individual or organization or other related parties.
- x. Contractors shall declare work in hand information while submitting the bids or before being awarded another work.
- xi. Contractors shall not lease his certificate to another certificate holder or to any non-licensee for any procurement of works.
- xi. Contractors must resist, refrain and report any form of bribery which includes giving or acceptance of specific payments or unethical behavior that is rejected by society in any procurement process and implementation thereof.
- xii. Contractor shall not issue letter of authorization in favour of an employee of another firm for the purpose of tendering or execution of works.



- xiv. Contractor shall not undertake or implement any project or constructions work which is not within their class or category and the area of specialization, in respect of which the certificate is issued.
- xv. Contractors shall provide right information/address to their client and competent authority.

## **5. PRINCIPLE 2: COMPLIANCE WITH THE LAWS AND REGULATIONS**

- i. Contractors in the construction industry must comply with and adopt all regulations, guidelines and decisions prescribed by the Construction Development Board and competent authority at all times.
- ii. Contractors must utilize the services of sub-contractors who are competent and legally registered and to employ skilled and competent construction workers who are recognized Competent Authorities.
- iii. Contractors may give priority to the recruitment of local construction workers with formal agreement and the said worker must not be below 18 years.
- iv. Contractors must understand and comply with all the laws and regulations prescribed by the legal system of the country as well as government agencies that are responsible for all aspects pertaining to construction

works and the construction industry.

- v. Contractors must refrain from being involved, directly or indirectly, with their clients (project owners, suppliers of building material and machinery, financiers and others) who are known as entities engaged in operations that are fraudulent in nature or other activities that are illegal according to the laws of the country.

## **6. PRINCIPLE 3: RESPECT FOR THE INDIVIDUAL AND COMMUNITY**

- i. Contractors must give due respect to all the parties involved in a construction project including respect the values, history, religion, beliefs and culture of the local community throughout the construction period.
- ii. Contractors must refrain from practicing discrimination on the basis of race, age, gender, state and country of origin, capability or sexual orientation during the implementation of all construction activities.
- iii. Contractors must ensure that each worker is provided with a satisfactory working environment, fairly treated, equitably rewarded and provided with due assistance in terms of career development and welfare.

## **7. PRINCIPLE 4: IMPORTANCE OF QUALITY, SKILLS AND STANDARDS**

- i. Contractors must endeavor to further maintain, strengthen and enhance their efficiency, expertise and professionalism as well as to provide the same support to their workers.
- ii. Contractors must provide sufficient numbers of skilled workforce to complete a construction project according to the contract agreed upon.
- iii. Contractors must complete all construction projects according to the construction industry standards that are accepted by all parties.
- iv. Contractors must refrain from bidding and accepting construction projects that are beyond their capabilities and instead concentrate on projects that are related to their fields of expertise and capabilities including financial capability.
- v. Contractors must use materials and equipment that meet the quality prescribed and must not attempt to use materials and hardware that are no longer approved for use.

## **8. PRINCIPLE 5: IMPORTANCE OF SAFETY, HEALTH & WELFARE**

- i. Contractors must give priority to the aspects of safety and health at the workplace and surrounding to ensure that the construction works and their outcomes do not endanger (diseases, injuries or deaths) any individual who is directly involved with the construction works, the community around the construction site, etc.
- ii. Contractors must pay attention to the welfare of their workers on humanitarian grounds in all circumstances throughout the period of their service as required by the law.
- iii. Contractors must follow the minimum standard of OHS Rules prescribed by MoLHR for all time.

## **9. PRINCIPLE 6: IMPORTANCE OF ENVIRONMENTAL PRESERVATION**

- i. Contractors must carry out their construction works with the utmost consideration of the environment by complying with all the procedures set by the relevant government agencies. This includes taking due action to avoid wastage of natural resources, irresponsibly disposal of excess building materials or other action that may result in environmental damage.

- ii. All contractors must have their own internal policy on this principle if it is not obligatory under any legal provisions.

## **10. POLICY AND PROCEDURAL COMPLIANCE**

The Construction Development Board shall be responsible for monitoring compliance and enforcement of this Code. Any breach of this Code by any contractor, irrespective of the degree of breach, shall result in appropriate action.

## **11. REPORTING BREACHES**

Report or information on the alleged breach of this Code by any contractor shall be made to:

1. Head of Procuring Agencies
2. Monitoring Officials of CDB; or
3. Legal Officer of CDB.

The report or information on the alleged breach of this Code may be in the form of letter, e-mail, telephone, walk-in or anonymous. The identity of the whistle-blower shall be protected by the management.

## 12. THE ETHICS COMMITTEE & ITS MANDATES

- a. The Ethics Committee shall be constituted under CDB with representation as follows:
  - i. Director, CDB as Chairperson;
  - ii. Head, CRD, CDB as member;
  - iii. Head, CSD, CDB as member;
  - iv. Head, ICT Services, CDB as member;
  - v. Head, HR Services, CDB as member; and
  - vi. Legal Officer as member Secretary.
- b. The ethics committee is entrusted with following mandates:
  - i. Constitute investigation panel for investigation of matters reported to it on the breach of this Code by anyone;
  - ii. Seek written justifications from contractor breaching this code; and
  - iii. Decide penalty for the breach by a contractor.
- c. The Committee shall be transparent in its conduct and shall inform the reporter/ informer about the action taken, if identity is known.

- d. The Committee shall uphold this Code and accordingly maintain confidentiality with respect to the matter under consideration and the whistle blower, if identity is known.
- e. The gravity, severity and instances of breach shall be decided by 2/3 majority.
- f. The member secretary shall be entrusted with following functions:
  - i. Convene the committee meeting as and when required;
  - ii. Facilitate conduct of investigation by investigation panel;
  - iii. Refer ethical issues pertaining to procurement of works to respective agencies for taking appropriate action;
  - iv. Ensure compliance to decisions of the committee; and
  - v. Report to the committee on actions taken.

### **13. PENALTY FOR BREACH**

- a. If the penalty for the breach of this code is covered in the existing laws, that law shall apply.
- b. A contractor shall be reprimanded if he violates this

Code for the first time or a breach is considered minor by the Ethics Committee and other respective agencies if proven in proper administrative proceedings.

- c. A contractor, who commits minor breach of this Code for the second time or major breach for the first time as determined by the Ethics Committee or respective agencies shall be suspended for minimum of 90 days or downgraded if proven in proper administrative proceedings.
- d. A contractor, who commits major breach of this Code for the second time as determined by the Ethics Committee or respective agencies shall be suspended for minimum of 180 days or downgraded if proven in proper administrative proceedings.
- e. CDB certificate of a contractor shall be cancelled, if he violates this Code repeatedly as determined by the Ethics Committee or respective agencies irrespective of nature of breaches and if proven in proper administrative proceedings.

#### **14. APPEAL**

Any contractor who is aggrieved by the decision of the Ethics Committee may appeal to the court of law.



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