

INTEGRITY PACT

Purchaser intends to award, under laid-down Terms of Contract given in the bidding document and as amended from time to time, contract/s for _____. The Purchaser values full compliance with all relevant laws and regulations, and the principles of economical use of resources, and of fairness and transparency including corrupt/fraudulent/ collusive/ coercive practice in its relations with its Bidder/s and/or Contractor/s. In pursuance of this policy, the Purchaser defines, for the purposes of this provision, the terms set forth below as follows:

- (i) "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution;
- (ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Purchaser, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, noncompetitive levels and to deprive the Purchaser of the benefits of free and open competition;
- (iii) "collusive practice" means a scheme or arrangement between two or more bidders, with or without the knowledge of the Purchaser, designed to establish bid prices at artificial, noncompetitive levels; and
- (iv) "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the procurement process or affect the execution of a contract;

In order to achieve these goals, the Purchaser proposes to appoint one or more External Independent Monitor/s who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

IT IS AGREED AS FOLLOWS :

- a) "Purchaser" means MECON Limited, Ranchi incorporated under the Companies Act 1956, having their registered office at Doranda, Ranchi 834002, Jharkhand and includes their successors.
- b) "Tenderer" means the person, firm or company submitting a tender against the Invitation to Tender and includes his/ its/ their staff, consultants, parent and associate and subsidiary companies, agents, consortium and joint venture partners, sub-contractors and suppliers, heirs, executors, administrators, representatives, successors.
- c) "Contractor" means the tenderer whose tender has been accepted by the principal or Company whose tender has been accepted and shall be deemed to include his/ its/ their successors, representatives, heirs, executors and administrators unless excluded by the Contract.
- d) "External Independent Monitor" means a person, hereinafter referred to as EIM, appointed, in accordance with Section 7 below, to verify compliance with this agreement.
- e) "Party" means a signatory to this agreement.
- f) "Contract" means the contract entered into between the Principal and Tenderer/Contractor for the execution of work mentioned in the preamble above.

Section 1 – Commitments of the Purchaser

- 1) The Purchaser commits itself to take all measures necessary to prevent corruption i.e. corrupt/ fraudulent/ collusive/ coercive and to observe the following principles:
 - i) No employee of the Purchaser, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for him/herself or third person, any material or immaterial benefit.
 - ii) The Purchaser will, during the tender process treat all Bidders with equity and reason. The Purchaser will in particular, before and during the tender process, provide to all Bidders the same information and will not provide to any Bidder confidential/ additional information through which the Bidder could obtain an advantage in relation to the tender process or the contract execution.
- 2) If the Purchaser obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, the Purchaser will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section 2 – Commitments of the Bidder / Contractor

- 1) The Bidder/ Contractor commits itself to take all measures necessary to prevent corruption i.e. corrupt/ fraudulent/ collusive/ coercive. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
 - i) The Bidder/ Contractor will not, directly or through any other person or firm, offer, promise or give to any of the Purchaser's employees involved in the tender process or the execution of the contract or to any third person any material or immaterial benefit which he/ she is not entitled to.
 - ii) The Bidder / Contractor will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to form cartels in the bidding process.
 - iii) The Bidder/ Contractor will not commit any offence under the relevant Anti-corruption Laws of India; further the Bidder/ Contractor will not use improperly, for purposes of competition or personal gain, or pass on the others, any information or document provided by the Purchaser as part of the business relationship, regarding plans, technical proposals and business details, including information transmitted electronically.
 - iv) The Bidder(s) / Contractor(s) of foreign origin shall disclose the name and address of the Agents/representatives in India, if any. Similarly the Bidder(s) / Contractor(s) of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidder(s) / Contractor(s). Further, as mentioned in the Guidelines all the payments made to the Indian agent / representative have to be in Indian Rupees only. Copy of the "Guidelines on Indian Agents of Foreign Suppliers" is annexed and marked as Annex-"A".
 - v) The Bidder/ Contractor will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents,

brokers or any other intermediaries in connection with the award of the contract.

- 2) The Bidder/ Contractor will not instigate third persons to commit offences outlined above or be an accessory to such offences.
- 3) **Obligation to Ensure Compliance**
 - a) Each Party will take all reasonable steps to ensure that the provisions of this agreement which are binding on it are complied with by all of its staff, consultants, parent and associated and subsidiary companies, agents consortium and joint venture partners, sub-contractors and suppliers.
 - b) Each Party will appoint an appropriate senior manager with responsibility for ensuring that the provisions of this agreement are complied with.

Section 3 – Disqualification from tender process and exclusion from future contracts

If the Bidder, before contract award has committed a transgression through a violation of Section 2 or in any other form such as to put his reliability or credibility as Bidder into question, the Purchaser is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.

- 1) If the Tenderer/ Contractor has committed a transgression through a violation of Section 2 such as to put his reliability or credibility into question, the Purchaser is entitled also to exclude the Tenderer/Contractor from future contract award processes. The imposition and duration of the exclusion will be determined by the severity of the transgression. The severity will be determined by the circumstances of the case, in particular the number of transgressions, the position of the transgressors within the company hierarchy of the Tenderer/ Contractor and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years and/or minimum of 2 bidding process and maximum of 6 bidding process.
- 2) If the Bidder/ Contractor can prove that he has restored/ recouped the damage caused by him and has installed a suitable corruption prevention system, the Purchaser may revoke the exclusion provided such corruption prevention system have been audited by an independent agency.

Section 4 – Compensation for Damages

- 1) If the Purchaser has disqualified the Bidder from the tender process prior to the award according to Section 3, the Purchaser is entitled to demand and recover from the Bidder liquidated damages equivalent to the amount of Earnest Money Deposit/ Bid Security, whichever is higher.
- 2) If the Purchaser has terminated the contract according to Section 3, the Purchaser shall be entitled to demand and recover from the amount equivalent to Security Deposit/ Performance bank Guarantee whichever is higher.

Section 5 – Previous transgression

- 1) The Bidder declares that no previous transgressions occurred in the last 3 years with any other company in any country or with any Public Sector Enterprise in India that could justify his exclusion from the tender process.
- 2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

Section 6 – Criminal charges against violating Bidders/ Contractors / Sub-contractors

If the Purchaser obtains knowledge of conduct of a Bidder, Contractor or Sub-contractor, or of an employee or a representative or an associate of a Bidder, Contractor or Sub-contractor which constitutes corruption, or if the Purchaser has substantive suspicion in this regard, the Purchaser will inform the Office of the C.V.O. in MECON.

Section 7 – External; Independent Monitor/ Monitors (three in number depending on the size of the Contract) [to be appointed by the CMD of the Purchaser in consultation with CVC]

- 1) The Purchaser appoints competent and credible external independent Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
- 2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He will inform actions taken by him to the CMD of the Board of the Purchaser and the CEO of the other parties involved.
- 3) The Contractor accepts that the Monitor has the right to access without restriction all Project documentation including books, records and staff relevant to such tender of the Contractor including that provided by the Purchaser. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to Sub-contractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder/ Contractor / Sub-contractor with confidentiality.
- 4) The Purchaser will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Purchaser and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- 5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Purchaser and the party concerned and request the Management of the Purchaser and the parties involved to discontinue or heal the violation, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- 6) The Monitor will submit a written report to the CMD of the Board of the Purchaser within 8 to 10 weeks from the date of reference or intimation to him by the “Purchaser” and, should the occasion arise, submit proposals for correcting problematic situations.
- 7) If the Monitor has reported to the Chairperson of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India; and the Chairperson has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.
- 8) The word ‘Monitor’ would include both singular and plural. Fee and/or any other incidentals including traveling/ conveyance expenses, if any, payable to EIM shall be borne by the Purchaser.

- 9) The EIM can only be removed from his appointment, if :
- a) all of the Parties agree in writing to remove him; or
 - b) he resigns; or
 - c) he is removed from his office by order of a Court having appropriate jurisdiction

Section 8 – Pact Duration

This pact begins when both parties have legally signed it and shall expire 12 months after the last payment under the respective contract and for all other bidders 6 months after the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by CMD of the Purchaser.

Section 9 – Other provisions

- 1) This agreement is subject to Indian Law. Place of performance a jurisdiction is the Registered Office of the Purchaser, i.e. Ranchi.
- 2) Changes and supplements as well as termination notices need to be made in writing.
- 3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- 4) Should one or several provision of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
- 5) Address along with other relevant details of parties are as given under:
 - 1) Purchaser

The Chairman cum Managing Director Tel.: 0651-2482209
MECON Limited Fax : 0651-2482214
Doranda
Ranchi 834 002, Jharkhand.
 - 2) Details of Tenderer are to be filled in by
Tenderer concerned.

For the Purchaser

For the Tenderer/ Contractor

Place :

Witness 1 :

Date :

Witness 2 :