



INTEGRITY PACT

Between

FERRO SCRAP NIGAM LTD, hereinafter, referred to as “FSNL”,

and

..... hereinafter referred to as “The Bidder/Contractor”

Preamble

FSNL intends to award, under laid down organisational procedures, contracts for.....FSNL values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness and transparency in its relations with its Bidder(s) and/or Contractor(s).

In order to achieve these goals, FSNL will appoint an External Independent Monitor (EIM) who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

Section – 1 Commitments of FSNL

1) FSNL commits itself to take all measures necessary to prevent corruption and to observe the following principles :

- No employee of FSNL, 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 self or third person, any material or immaterial benefit which the person is not legally entitled to.
- FSNL will, during the tender process treat all Bidder(s) with equity and reason. FSNL will in particular, before and during the tender process., provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
- FSNL will exclude from the process all known prejudiced persons.

2) If FSNL obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or if there be a substantive suspicion in this regard, FSNL will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section – 2 Commitments of the Bidder(s)/Contractor(s)

The Bidder(s)/Contractor(s) commit themselves to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

- The Bidder(s)/Contractor(s) will not, directly or through any other person or firm, offer, promise or give to any of FSNL’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 legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.

- The Bidder(s)/Contractor(s) will not enter with other Bidder(s) 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 introduce cauterisation in the bidding process.
- The Bidder(s)/Contractor(s) will not commit any offence under the relevant IPC/PC Act; further the Bidder(s)/Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or documents provided by FSNL as part of the business relationship, regarding plans technical proposals and business details, including information contained or transmitted electronically.
- The Bidder(s)/Contractor(s) 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.
- The Bidder(s)/Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

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

If the Bidder(s)/Contractor(s), before contract award or during execution, has committed a transgression through a violation of Section 2 above or in any other form such as to put his reliability or credibility in question, FSNL is entitled to disqualify the Bidder(s)/Contractor(s) from the tender process or to terminate the contract, if already signed, for such reason.

- If the Bidder(s)/Contractor(s) has committed a transgression through a violation of Section 2 above such as to put his reliability or credibility in question, FSNL is entitled also to exclude the Bidder(s)/Contractor(s) from future tender 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 Bidder(s)/Contractor(s) and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.
- If the Bidder(s)/Contractor(s) can prove that he has restored/recouped the damage caused by him and has installed a suitable corruption prevention system, FSNL may revoke the exclusion prematurely.
- A transgression is considered to have occurred if in light of available evidence no reasonable doubt is possible.

Section – 4 Compensation for Damages

- If FSNL has disqualified the Bidder(s) from the tender process prior to the award according to Section 3 above, FSNL is entitled to demand from the Bidder(s) liquidated damages equivalent to 3% of the value of the offer or the amount equivalent to Earnest Money Deposit/Bid Security, whichever is higher.



- If FSNL has terminated the contract according to Section 3, or if FSNL is entitled to terminate the contract according to Section 3, FSNL shall be entitled to demand and recover from the Bidder(s) liquidated damages equivalent to 5% of the contract value or the amount equivalent to Security Deposit/Performance Bank Guarantee, whichever is higher.
- If the Bidder(s)/Contractor(s) can prove that their exclusion from the tender process or the termination of the contract after the contract award has caused no damage or less damage than the amount of the liquidated damages, the Bidder(s)/Contractor(s) has to compensate only the damage in the amount proved. If FSNL can prove that the amount of the damage caused by the disqualification of the Bidder(s)/Contractor(s) before contract award or the termination of the contract after contract award is higher than the amount of the liquidated damages, it is entitled to claim compensation for the higher amount of damages.

Section – 5 Previous Transgression

- The Bidder declares that no previous transgressions occurred in the last 3 years with any other company in any country conforming to the anti corruption approach or with any other Public Sector Enterprise in India that could justify his exclusion from the tender process.
- 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 Equal treatment of all Bidders/Contractors/Sub-contractors

- The Bidder(s)/Contractor(s) undertake(s) to demand from all sub-contractor(s) a commitment in conformity with this Integrity Pact, and to submit it to FSNL before contract signing.
- FSNL will enter into agreements with identical conditions as this one with all Bidders, Contractors and subcontractors.
- FSNL will disqualify from the tender process all Bidder(s) who do not sign this Pact or violate its provisions.

Section – 7 Criminal Charges against violating Bidder(s)/Contractor(s)/sub-contractors

If FSNL obtains knowledge of conduct of a Bidder, Contractor or Subcontractor or of an employee or a representative or an associate of a Bidder, Contractor or Sub-contractor which constitutes corruption, or if FSNL has substantive suspicion in this regard, FSNL will inform the same to the Vigilance Office.

Section – 8 External Independent Monitor

FSNL 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.



The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Managing Director of FSNL.

The Bidder(s)/Contractor(s) accepts that the Monitor has the right to access without restriction to all Project documentation of FSNL including that provided by the contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/Contractor(s)/Subcontractor(s) with confidentiality.

FSNL 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 FSNL and the Contractor. The parties offer to the Monitor the option to participate in such meetings.

As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of FSNL and request the Management 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.

The Monitor will submit a written report to the Managing Director of FSNL within 8 to 10 weeks from the date of reference or intimation to him by FSNL and should the occasion arise, submit proposals for correcting problematic situations.

The Monitor will have status/benefits similar to those of Independent Director of FSNL and will be entitled to compensation as paid to independent director of FSNL.

If the Monitor has reported to the M.D., FSNL a substantiated suspicion of an offence under relevant IPC/PC Act, and the M.D. 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.

The word "Monitor" would include both singular and plural.

Section – 9 Pact Duration

This Pact begins when both parties have legally signed it. It expires for the Contractor 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 M.D., FSNL.



Section – 10 Other Provisions

This agreement is subject to Indian Law. Place of performance and jurisdiction is the Corporate Office of FSNL, i.e. Bhilai

Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made. If the Vendor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.

Should one or several provisions 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.

For FSNL For Bidder/Contractor

Place : _____

Date : _____

Witness 1 Witness 2 (Name & address) (Name & address)