

INTEGRITY PACT PROGRAM

I. INTRODUCTION

South Eastern Coalfields Limited (SECL), India is a premier Public Sector Organisation engaged in various activities in Coal Sector in India. SECL conducts its business in higher ethical standards.

It does business with a number of domestic and International Bidders, Contractors and Vendors of goods and services (Counterparties). SECL is committed to fostering the most ethical and corruption free business environment. SECL values its relationship with all counterparts and deals with them in fair and transparent manner.

In order to achieve these goals, SECL is implementing the Integrity PACT program in cooperation with Central Vigilance Commission (CVC) and Transparency International (TI). As part of the initiative SECL will, in consultation with CVC and TI appoint external independent Monitors who will help SECL implement the INTEGRITY pact program.

Following are the details of SECL's Integrity Pact Program.

- Commitments and Obligation of SECL.
- Commitments and Obligations of Counterparties.
- Violation and Consequences.
- Independent Monitor
- Implementation Guidelines
- Periodic Review and Evaluation.

II. COMMITMENTS AND OBLIGATION OF SECL.

- (a) SECL is committed to have most ethical and corruption-free business dealings with counterparties.
- (b) SECL values its relationship with all counterparties and will deal with them in a fair and transparent manner.
- (c) SECL and/or its Associates (employees, agents, consultants, advisors etc.) will not seek or take bribes/undue benefits directly or indirectly for themselves or for third parties.
- (d) In competitive tender as well as in general procurement, SECL will deal counterparties with equity, reason and fairness.
- (e) SECL will exclude all Associates who may be prejudiced or have a conflict of interest in dealing with counterparties.
- (f) SECL will honour its commitments and make due payments to counterparties in timely manner.
- (g) SECL will initiate action and peruse it vigorously whenever corruption or unethical behavior occurs.

III COMMITMENTS AND OBLIGATIONS OF THE “COUNTERPARTY”

- a. The Counterparty directly or indirectly (through agent, Consultant, Advisor etc.) will not pay any bribes or give illegal benefit to anyone to gain undue advantage in dealing with the SECL
- b. The Counterparty will not engage in collusion, price fixing etc. with other Counterparts unless authorized by SECL.
- c. The Counterparty will not pass SECL’s confidential information to any third party unless authorized by SECL.
- d. The Counterparty will promote and observe best ethical practices within its Organisation.
- e. The counterparty will inform the Independent Monitor.
 - i. If he receives demand for a bribe or illegal payment/benefit.
 - ii. If he comes to know of any unethical or illegal payment/benefit.
 - iii. If he makes any payment to any SECL Associate.
- f. The Counterparty will not make any false or misleading allegations against the SECL or its associates.

IV. VIOLATIONS & CONSEQUENCES:

- (a) If a counterparty commits a violation of its Commitments and Obligations under the Integrity Pact Programme during bidding process, he shall be liable to compensate SECL by way of liquidated damages amounting to a sum equivalent to 3% of the value of the offer or the amount equivalent to Earnest Money Deposit/Bid Security, whichever is higher.
- (b) In case of violation of the Integrity Pact whereby after award of the Contract, the SECL terminates or is entitled to terminate the Contract, SECL shall be entitled to demand and recover from the Supplier/Contractor liquidated damage equivalent to 5% of the contract value or the amount equivalent to Security Deposit/Performance Bank Guarantee, whichever is higher.
- (c) SECL may ban and exclude the Counterparty from future dealings until the independent Monitors is satisfied that the Counterparty will not commit any future violation.
- (d) SECL may initiate criminal proceedings against the violating Counterparty.
- (e) The Counterparty, will be liable to damages as determined by the Independent Monitor.

V. INDEPENDENT MONITOR:

1. CMD, SECL is the authority to appoint Independent Monitor(s) to oversee integrity Pact Program implementation and effectiveness. The process for their appointment shall be similar to Outside Expert Committee (OEC). For this purpose, a panel of independent Monitors may be constituted by SECL in consultation with Transparency International (TI) and the same may be referred to CVC for clearance. It will be voluntary, non-salaried position of 3 year term. Independent Monitor/ will have status/benefits similar to those of Chairman of Audit Committee of Board/status of the Directors of SECL.
2. The Independent Monitors will be people of impeccable integrity, conversant of SECL's business and experienced in commercial activities.
3. The major goal of the Independent monitors will be to oversee the implementation of the Integrity Pact Program to prevent corruption, bribes and any other unethical practices in the SECL.
4. The independent Monitors will not have administrative or enforcement responsibilities. He will coordinate his efforts with other anti-corruption institutions such as CVC. He may engage services of outside agencies such as accounting firms, law firms etc. at SECL's expense, if required, in discharge of his responsibilities.
5. The Independent Monitors will have access to all Officers and internal records of the SECL. He will also have access to Counterparty's records and information regarding its dealing with SECL.
6. The independent Monitors will have the right to attend any meetings between the SECL and the counterparties.
7. If the Independent Monitors observe or suspect an irregularity, he will inform the Chairman of SECL and Chairman of the Audit Committee of its Board of Directors. Once the Independent Monitor is satisfied that an irregularity has taken place, he may inform the Board of SECL.
8. The Independent Monitor can be removed from his Office by SECL only by an open and transparent process and such decision will have to be ratified by the Board of SECL.

VI. IMPLEMENTATION GUIDELINES:

To implement the Integrity Pact Programme, the following general guidelines are suggested:-

- (a) To select and appoint independent Monitors in consultation with CVC and TI.
- (b) To get commitment for all Senior Level Executives/Officials of SECL to implement the program. It should be recognized that there may be the resistance to integrity Pact program.
- (c) To develop detailed implementation plan and finalize the integrity Pact document in consultation with the Independent Monitors.
- (d) To notify all senior staff members, Board of directors, any other oversight body of the organisation and major Suppliers of SECL's plan to implement the Integrity Pact Program, which is to be included in SECL's website and disclosed to the media.

VII. PERIODIC REVIEW & EVALUATION.

It is recommended that SECL periodically review the effectiveness of Integrity Pact Program. By all or some of the following:-

1. the Independent Monitors and senior leadership of SECL do an annual self-assessment of Integrity Pact Program effectiveness and identify areas/ ways to improve.
2. The Independent Monitor to submit an annual report on the progress/effectiveness of Integrity Pact Program to the Board of Directors of SECL.
3. SECL may conduct an annual 360-degree review (by an outside Agency) with senior executives, junior executives, Suppliers and competitors of effectiveness of Integrity Pact Program in reducing corruption.
4. SECL meet with CVC and TI on an annual basis to review the effectiveness of program.