

INTEGRITY PACT

Between

Oil and Natural Gas Corporation Ltd (ONGC) hereinafter referred to as "The Principal",

and

..... hereinafter referred to as "The Bidder(s)/
Contractor(s)"

(The Principal and the Bidder (s)/Contractor(s) are collectively referred to as "the Parties".

Preamble

The Principal intends to award, under laid down organizational procedures, contract/s for Pipeline Replacement Project (PRP-X) (EPCI basis) ("the Contract"). The Principal values full compliance with all relevant laws and regulations, and the principles of economic use of resources, and of fairness and transparency in its relations with its Bidder/s and Contractor/s.

In order to achieve these goals, the Principal, by way of this Integrity Pact ("the Pact") will appoint Independent External Monitor ("IEM") who will monitor the tender process and the execution of the Contract for compliance with the principles mentioned above.

Section 1 Commitments of the Principal

(1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following:-

- a. No employee of the Principal, personally or through relatives or any other person, will in connection with the tender, or for the execution of the Contract, demand, promise or accept for himself/herself or any third person, any material or immaterial benefit which he/she is not legally entitled to.
- b. The Principal will, during the tender process treat all Bidders with equity and reason. The Principal will in particular, before and during the tender process, provide to all bidders the same information and will not provide to any bidder additional/confidential information through which the bidder could obtain an advantage in relation to the tender process or the contract execution.
- c. The Principal will exclude from the process all known prejudiced persons.

(2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, or if there be a

substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section 2

Commitments of the Bidder/ contractor

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

- a. The Bidder / Contractor will not, directly or through any other person or firm, offer, promise or give to any of the Principal'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.
- b. The Bidder / Contractor will not enter into any agreement or understanding with other Bidders in connection with the bid, including but not limited to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process.
- c. The Bidder / Contractor will not commit any offence under the relevant Anti-corruption Laws of India/Indian Penal Code, 1860. Further the Bidder / Contractor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
- d. The Bidder / Contractor will, when presenting his bid, disclose any and all payments he has made, is committed to make or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- e. The bidder(s)/ contractor (s) of foreign origin shall disclose the name and address of agents and representatives in India related to this tender. Similarly, the bidder(s)/ contractor(s) of Indian nationality shall furnish the name and address of their foreign principals or associates, if any, related to this tender.
- f. The bidder(s)/ contractor (s) who have signed the Pact shall not approach the Courts while the matters/disputes/issues, related to tender process or the Contract are presented before the IEM and awaiting the final decision.

(2) The Bidder / Contractor 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

(1) If the Bidder, before the Contract is awarded, 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:

- a. the Principal is entitled to disqualify the Bidder from the tender process or to terminate the Contract, if already signed, for such reason.
- b. the Principal is entitled to exclude the Bidder / Contractor from participating in future contracts/tenders. The imposition and duration of the exclusion will be determined by the Principal based on 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 and the amount of the damage. The exclusion will be imposed for a minimum of six (6) months and maximum of three (3) years.

(2) An act/omission would be treated as a transgression after due consideration of the available evidence by the Principal.

(3) The Bidder accepts and undertakes to respect and uphold the Principal's absolute right to resort to and impose such disqualification/exclusion and further accepts and undertakes not to challenge or question such exclusion on any ground, including the lack of any hearing before the decision of disqualification/exclusion is taken. This undertaking is given freely and after obtaining independent legal advice.

(4) If the Bidder / Contractor can prove that he has restored the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the aforesaid disqualification/exclusion prematurely.

Section 4 Compensation for Damages

(1) Without prejudice to any rights that may be available to the Principal under any law or the contract or its laid down policies and procedures, the Principal shall have the following rights in case of breach of this Pact by the Bidder/Contractor:

- (1) To forfeit the Earnest Money/Bid Security if the Bidder is disqualified from the tender process prior to the award in terms of Section 3;
- (2) To forfeit/invoke the Security Deposit/ Performance Bank Guarantee if the Principal has either terminated or is entitled to terminate the Contract of the Bidder in terms of Section 3.

Section 5

Previous transgression

(1) Bidders to disclose any transgressions with any other public / government organization that may impinge on the anti-corruption principle. The date of such transgression, for the purpose of disclosure by the bidders in this regard, would be the date on which cognizance of the said transgression was taken by the competent authority. The period for which such transgression (s) is /are to be reported by the bidders shall be the last three years to be reckoned from Bid Submission End Date (extended date, if any). The transgression(s), for which cognizance was taken even before the said period of three years, but are pending conclusion, shall also be reported by the bidders.

(2) Any concealment of information or misrepresentation of facts, in regard to the aforesaid, can lead to his disqualification from the tender process or termination of the Contract, if already awarded, or invite any other appropriate action(s) as deemed fit.

Section 6

Equal treatment of all Bidders / Contractors / Subcontractors

(1) The Principal will enter into Pacts on identical terms with all bidders and contractors.

(2) The Bidder(s) / Contractor(s) assures to procure from all their subcontractors an undertaking for the adoption of this Pact. The Bidder (s) / Contractor(s) shall alone be responsible for any violation (s) of the provisions laid down in the Pact by any/all of their sub-contractor (s) or sub-vendor (s).

(3) The Principal will be entitled to disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

Section 7

Criminal charges against violating Bidders/Contractors/Subcontractors

If the Principal 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 Subcontractor which constitutes corruption as per existing Anti-Corruption Law in India, or if the Principal has substantive suspicion in this regard, the Principal will inform the Vigilance Office.

Section 8

Independent External Monitor / Monitors

(1) The Principal appoints competent and credible Independent External Monitor as nominated and approved by the Central Vigilance Commission. The task of the IEM is to

review independently and objectively, whether and to what extent the Parties comply with the obligations under this Pact.

The IEM would be required to sign 'Non- Disclosure Agreements' alongwith a declaration of 'Absence of Conflict of Interest'. In case of any conflict of interest arises at a later date, the IEM shall inform Chairperson of the Board of the Principal and recuse himself/herself from that case.

(2) The IEM is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Chairperson of the Board of the Principal.

The IEM would be provided access to all documents/records pertaining to the contract for which a complaint or issue is raised before them, as and when warranted. However, the documents/records/ information having National Security implications and those documents which have been classified as Secret/Top Secret are not to be disclosed.

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

(4) The Principal will provide to the IEM sufficient information about all meetings among the parties related to the Project provided that such meetings could have an impact on the contractual relations between the Principal and the Bidder/Contractor. The Parties will offer to the IEM the option to participate in such meetings.

(5) As soon as the IEM notices, or suspects, a violation of this Pact, he will inform the Management of the Principal and request the Management to discontinue or rectify the violation, or take any other relevant action. The IEM can in this regard submit non-binding recommendations. Beyond this, the IEM has no right to demand from the Parties that they act in a specific manner, refrain from action or tolerate action. However, the IEM shall give an opportunity to the Bidder / Contractor to present his case before making its recommendations to the Principal.

(6) The IEM is expected to tender their recommendation on all the complaints within 30 days of their receipt, to the Chairperson of the Board of the Principal. Further, should the occasion arise, the IEM may submit proposals for correcting problematic situations.

(7) If the IEM has reported to the Chairperson of the Board of the Principal a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India/Indian Penal Code, 1860, and the Chairperson has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the IEM may transmit this information directly to the Central Vigilance Commissioner, Government of India.

(8) The word 'IEM' would include both singular and plural.

Section 9
Pact Duration

- (1) This Pact comes into force when both parties have 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.
- (2) If any claim is made / lodged during the aforesaid duration, the same shall continue to be valid despite the lapse of this pact as specified above, till it is discharged / determined by Chairperson of the Board of the Principal.

Section 10
Other provisions

- (1) This Pact is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the Principal, i.e. New Delhi. The Arbitration clause provided in the main tender document / contract shall not be applicable to any issue / dispute arising under this Pact.
- (2) If the Contractor is a partnership or a consortium, this Pact must be signed by all partners or consortium members.
- (3) If one or several provisions of this Pact are held to be invalid/unenforceable, the remainder of this Pact shall remain valid as though the invalid or unenforceable parts had not been included herein. In this case, the parties will strive to come to an agreement to their original intentions.
- (4) Issues like warranty/ guarantee etc. shall be outside the purview of IEM.

For the Principal

For the Bidder / Contractor

Place -----

Witness 1 : -----

Date -----

Witness 2 : -----