

**Tender Ref. No.:**.....

Integrity Pact

Whereas Hindustan Aeronautics Ltd. ("HAL") having its registered office at 15/1, Cubbon Road, Bangalore – 560 001, India, acting through its .....Division, represented by General Manager / Executive Director hereinafter referred to as the Buyer and the first party, proposes to procure (Name or category of the Equipment, like Aircraft Parts/ Avionic Items/ Accessories etc), hereinafter referred to as Stores.

And

M/s....., represented by....., Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignee), hereinafter referred to as the Bidder/ Seller and the second party, is willing to offer/ has offered the stores.

2. Whereas the Bidder / Seller is a private company/public company /partnership/ registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Public Sector Undertaking and registered under Companies Act 1956.

3. Preamble

The Buyer has called for tenders under laid down organizational procedures intending to enter into contract/s for supply / purchase / etc of.....and the Bidder / Seller is one amongst several bidders/Proprietary Vendor/Customer Nominated Source/Licenser who has indicated a desire to bid/supply in such tendering process. The Buyer values and takes primary responsibility for values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and / or Seller(s).

In order to achieve these goals, the Buyer will appoint Independent External Monitor(s) (IEM) in consultation with Central Vigilance Commission, who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

4. Commitments of the Buyer.

4.1 The Buyer commits itself to take all measures necessary to prevent corruption and to observe the following principles:-

- i) No employee of the Buyer, personally or through family members, will in connection with the tender, 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.

- ii) The Buyer will during the tender process treat all Bidder(s) / Seller(s) with equity and reason. The Buyer will in particular, before and during the tender process, provide to all Bidder(s) / Seller(s) the same information and will not provide to any Bidder(s) / Seller(s) confidential / additional information through which the Bidder(s) / Seller(s) could obtain an advantage in relation to the process or the contract execution.
  - iii) The Buyer will exclude from the process all known prejudiced persons.
- 4.2 If the Buyer obtains information on the conduct of any of its employees which is a criminal offence under the Prevention of Corruption Act 1988 or if there be a substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer and in addition can initiate disciplinary action.
5. Commitments of the Bidder(s) / Seller(s).
- 5.1 The Bidder(s)/ Seller(s) commit himself to take necessary measures to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
- i) The Bidder(s)/ Seller(s) will not, directly or through any other persons or firm, offer promise or give to any of the Buyer's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he / she is not legally entitled to, in order to obtain in exchange any advantage during the tendering or qualification process or during the execution of the contract.
  - ii) The Bidder(s)/ Seller(s) will not enter with other Bidders / Sellers 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 cartelization in the bidding process.
  - iii) The Bidder(s)/ Seller(s) will not commit any offence under the Prevention of Corruption Act 1988: further the Bidder(s)/ Seller(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Buyer as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
- 5.2 The Bidder(s)/ Seller(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

### 5.3 Agents / Agency Commission:

The seller confirms and declares to the buyer that the seller is the original manufacturer or authorized distributor / stockiest of original manufacturer or Govt. Sponsored / Designated Export Agencies (applicable in case of countries where domestic laws do not permit direct export by OEMS) of the stores referred to in this offer / contract / Purchase order and has not engaged any individual or firm, whether Indian or Foreign whatsoever, to intercede, facilitate or in any way to recommend to Buyer or any of its functionaries, whether officially or unofficially, to the award of the contract / purchase order to the Seller; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such individual / firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract / purchase order, the Seller will be liable to refund that amount to the Buyer. The Seller will also be debarred from participating in any RFQ / Tender for new projects / program with Buyer for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract / Purchase order either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract / Purchase order along with interest at the rate of 2% per annum above LIBOR (London Inter Bank Offer Rate) (for foreign vendors) and Base Rate of SBI (State Bank of India) plus 2% (for Indian vendors). The Buyer will also have the right to recover any such amount from any contracts / Purchase order concluded earlier with Buyer.

### 6. Previous Transgression

- 6.1 The Bidder / Seller declares that no previous transgressions have occurred in the last three 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 bidder's/ Sellers' exclusion from the tender process.
- 6.2 If the Bidder / Seller makes incorrect statement on this subject, Bidder / Seller can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason without any liability whatsoever on the Buyer.

### 7. Company Code of Conduct

Bidders / Sellers are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

8. Sanctions for Violation (Disqualification from tender process & exclusion from future contracts and Criminal charges against violation by Bidders / Sellers)

8.1 If the Bidder(s)/ Seller(s), before award or during execution has committed a transgression through a violation of Clause 5, above or in any other form such as to put his reliability or credibility in question, the Buyer is entitled to disqualify the Bidder(s)/ Seller(s) from the tender process or take action as per the procedure mentioned herein below:

- i) To disqualify the Bidder / Seller with the tender process.
- ii) To debar the Bidder / Seller from entering into any bid from Buyer for a period of five years.
- iii) To immediately cancel the contract, if already signed / awarded without any liability on the Buyer to compensate the Bidder /Seller for damages, if any. However, any lawful payment due to the Bidder/Seller for supplies effected till date of termination would be made in normal course.
- iv) To encash EMD / Advance Bank Guarantees/ Performance Bonds / Warranty Bonds, etc. which may have been furnished by the Bidder / Seller to the extent of the undelivered stores.

8.2 If the Buyer obtains knowledge of conduct of a Bidder/ Seller or of an employee or a representative or an associate of a Bidder / Seller which constitutes corruption, or if the Buyer has substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer.

9. Compensation for Damages

9.1 If the Buyer has disqualified the Bidder(s) / Seller(s) from the tender process prior to the award according to Clause 8, the Buyer is entitled to demand and recover the damages equivalent to Earnest Money Deposit in case of open tendering.

9.2 If the Buyer has terminated the contract according to Clause 8, or if the Buyer is entitled to terminate the contract according to Clause 8, the Buyer shall be entitled to encash the advance bank guarantee and performance bond/ warranty bond, if furnished by the Bidder / Seller, in order to recover the payments, already made by the Buyer for undelivered stores.

10. Independent External Monitor(s)

10.1 The Buyer has appointed Independent External Monitors for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors to be given in RFQ).

- 10.2 As soon as the Integrity Pact is signed, the Buyer shall provide a copy thereof, along with a brief background of the case to the Independent External Monitors.
- 10.3 The bidder(s) / seller (s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent External Monitors.
- 10.4 If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent External Monitors for their comments / enquiry.
- 10.5 If the Independent External Monitors need to peruse the records of the buyer in connection with the complaint sent to them by the buyer, the buyer shall make arrangement for such perusal of records by the Independent External Monitors.
- 10.6 The report of enquiry, if any, made by the Independent External Monitors shall be submitted to Chairman, HAL for a final and appropriate decision in the matter keeping in view the provision of this pact.

11. Law and Place of Jurisdiction

This pact is subject to Indian Law, The Place of performance and Jurisdiction is Bangalore

12. Other Legal Actions

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

13. Pact Duration

- 13.1 This pact begins when both parties have legally signed it. It expires for the successful Bidder / Seller 10 months after the last payment under the contract, and for all other Bidders / Sellers within 6 months from date of placement of order / finalization of contract.
- 13.2 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 Chairman, HAL.
- 13.3 Should one or several provisions of this pact turn out to be invalid, The remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

14. Other Provisions

- 14.1 Changes and supplements need to be made in writing. Side agreements have not been made.

- 14.2 In case vendor has already signed any IP with MoD for any of their Contracts, the same shall be disclosed and shall sign the Integrity Pact in the same format with HAL also.
- 14.3 In view of the nature of this Pact, this Pact shall not be terminated by any party and will subsist throughout its stated period.
- 14.4 Nothing contained in this Pact shall be deemed to assure the Bidder/ Seller of any success or otherwise in the tendering process.
- 15. This Integrity Pact is signed with HAL exclusively and hence shall not be treated as precedence for signing of IP with MoD or any other Organization.
- 16. The Parties hereby sign this Integrity Pact at \_\_\_\_\_ on \_\_\_\_\_

BUYER

BIDDER / SELLER

Signature:

Signature:

Executive Director/General Manager  
Hindustan Aeronautics Ltd.,  
.....Division

Chief Executive Officer

Date:

Date:

Stamp:

Stamp:

Witness

Witness

1. \_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

(Note: All pages to be initialed by Buyer and Bidder/Seller)