



MEMORANDUM OF UNDERSTANDING

BETWEEN

SJVN LIMITED

AND

TRANSPARENCY INTERNATIONAL INDIA

1. **Considering** that bribery and corruption are widespread Social and Economic crimes which undermine good governance and economic development and corrodes the moral fabric of society.
2. **Considering** that all companies and major organizations share a common responsibility to combat bribery and corruption in all forms and manifestations.
3. **Recognizing** that achieving progress in this area requires sustained efforts not only at national level but also on individual Company or Government Department level.
4. **Welcoming** the efforts of **Transparency International India (TII)** and other non-governmental organizations as well as business organizations such as **SJVN Limited (SJVN)**.
5. **SJVN** is a premier Public Sector Organization engaged in execution of various Hydro-electric Projects. SJVN conducts its business in highest ethical standards. It does business with a number of domestic and International Bidders, Contactors and Vendors of goods and services (Counter



parties). SJVN is committed to fostering the most ethical and corruption free business environment. SJVN values its relationship with all Counter parties and deals with them in a fair and transparent manner.


6. **Integrity Pact** is a tool developed by Transparency International India, which ensures that all activities and transactions between a Company or Government Departments and their Suppliers are handled in a Fair, Transparent and Corruption Free manner.
7. **SJVN and TII** have developed attached Integrity Pact Program in consultation with Central Vigilance Commission (CVC) and SJVN will implement this Program within its Organization, its Subsidiaries and Joint Ventures in India and abroad. Based on the experience gained in implementing the Integrity Pact Program in SJVN and other organizations this Program may be further refined to improve its effectiveness.
8. **SJVN** is committed to implement the Integrity Pact Program whole-heartedly both in letter and in spirit.
9. **TII** pledges to support SJVN in this regard and provide it with advice and resources within its means to ensure successful implementation of Integrity Pact Program and achievement of its objectives.
10. In case **SJVN** and **TII** have differences concerning the implementation of the Integrity Pact Program they undertake to resolve them through dialogue and discussion. In case such differences cannot be resolved either- party can terminate this Memorandum of Understanding by giving thirty days notice in writing to the other party and make such termination public only after it has taken effect. This



Memorandum of Understanding will remain in effect unless terminated according to the above provisions.


11. This MOU shall be construed and governed in accordance with the laws of India and shall have the jurisdiction of the courts at SHIMLA.
12. The implementation of the Integrity Pact will be reviewed annually.
13. This MOU is signed at Delhi on this 1st day of June, 2018.

SJVN LIMITED


01.06.2018

(N.L. Sharma)
Chairman & Managing Director
Shakti Sadan,
Corporate Office Complex,
Shanan, Shimla - 171006
Himachal Pradesh
Website : www.sjvn.nic.in

**TRANSPARENCY
INTERNATIONAL INDIA**


01-06-2018
(S. R. Wadhwa), IRS (Retd.)
Chairman
Transparency International India,
Quarter No.4, Lajpat Bhawan
Near Vikram Hotel,
Lajpat Nagar-4,
New Delhi-110024



ANNEXURE

SJVN INTEGRITY PACT PROGRAMME

I. INTRODUCTION

SJVN Limited (SJVN) is a Public Sector Organization engaged in Hydro Power in India and internationally. It does business with a number of domestic and international Bidders, Contractors and Vendors of goods and services (Counter parties).

SJVN is committed to fostering the most ethical and corruption free business environment. SJVN values its relationships with all counterparts and deals with them in fair and transparent manner.

It is decided to implement the Integrity Pact Program in SJVN (including its subsidiaries and JVs in India and abroad) in cooperation with CVC and Transparency International India (TII).

The following tangible and intangible benefits are expected from implementation of Integrity Pact Programme:

- Greater transparency and integrity between buyer and seller.
- Improved sense of ethics in Organization and Bidders.
- Reduction in complaints by Bidders.
- Expeditious Process for Tender and Procurement.
- Reduction in external interventions like political, diplomatic and administrative interference.

The Pact essentially envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

- Promise on the part of the principal not to seek or accept any benefit, which is not legally available;
- Buyer to treat all bidders with equity and reason;



- Promise on the part of bidders not to offer any benefit to the employees of the buyer not available legally;
- Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc;
- Bidders not pass any information provided by principal as part of business relationship to others and not to commit any offence under PC/IPC Act.;
- Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- Bidders to disclose the payments to be made by them to agents/brokers or any other intermediary;
- Bidders to disclose any transgressions with any other company that may impinge on the anti corruption principle.

II. COMMITMENTS AND OBLIGATION OF FIRST PARTY

- (a) First Party shall mean SJVN, its Subsidiary or JV inviting the tender, as the case may be.
- (b) First Party is committed to have most ethical and corruption free business dealings with counter parties.
- (c) First Party values its relationship with all counter parties and will deal with them in a fair and transparent manner.
- (d) First Party and/or its Associates (employees, agents, consultants, advisors, etc.) will not seek or take bribes/undue benefit directly for themselves or for third parties.
- (e) In competitive tender as well as in general procurement First Party will deal with all counter parties with equity, reason and fairness.
- (f) First Party will exclude all Associates who may be prejudiced or have a conflict of interest in dealings with counter parties.
- (g) First Party will honour its commitments and make due payments to counter parties in a timely manner.



- (h) First Party will initiate action and pursue it vigorously whenever corruption or unethical behaviour occurs.

III. COMMITMENTS AND OBLIGATIONS OF THE 'COUNTER PARTY'

- (a) The Counter Party, 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 First Party.
- (b) The Counter Party will not engage in collusion, price-fixing etc. with other counter parties in dealing with First Party.
- (c) The Counter Party will not pass on to any third party any of the First Party's confidential information unless authorized by First Party.
- (d) The Counter Party will promote and observe best ethical practices within its organization.
- (e) The Counter Party will give information to the IEM:
- (i) If he receives demand for a bribe or illegal payment/benefit and
 - (ii) If he comes to know of any unethical or illegal practice in the First Party 's organization.
 - (iii) If he makes any payment to any First Party Associate.
 - (iv) The Counter Party will not make any false or misleading allegations against First Party or its Associates.

IV. VIOLATIONS & CONSEQUENCES

- (a) Any breach of the provisions of Integrity Pact by the counter party (Bidder/Contractor) or any one employed by it or acting on its behalf shall entitle the First Party to take action as per the procedure mentioned in the "**Guidelines on Banning of Business Dealings**" attached as Annex-A to Integrity Pact and initiate all or any one of the following actions, wherever required:-
- (i) To immediately call off the pre contract negotiations without assigning any reason or giving any compensation to the



- Bidder/Contractor. However, the proceedings with the other Bidder(s)/Contractor(s) would continue.
- (ii) The Earnest Money Deposit (in pre-contract stage) and/or Security Deposit/Performance Bond (after the contract is Signed) shall stand forfeited either fully or partially, as decided by the First Party and the First Party shall not be required to assign any reason thereof.
 - (iii) To immediately cancel the contract, if already signed, without giving any compensation to the Contractor. The Bidder/Contractor shall be liable to pay compensation for any loss or damage to the First Party resulting from such cancellation/rescission and the First Party shall be entitled to deduct the amount so payable from the money(s) due to the Bidder/Contractor.
 - (iv) To encash the Bank guarantee, in order to recover the dues if any by the First Party, along with interest as per the provision of contract.
 - (v) To debar the Bidder/Contractor from participating in future bidding processes of First Party, as per provisions of "Guidelines on Banning of Business Dealings", which may be further extended at the discretion of the First Party.
 - (vi) To recover all sums paid in violation of this Pact by Bidder(s)/Contractor(s) to any middleman or agent or broker with a view to securing the contract.
 - (vii) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the First Party with the Bidder/Contractor, the same shall not be opened/operated.
 - (viii) Forfeiture of Performance Security in case of a decision by the Employer to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.
- (b) The First party will be entitled to take all or any of the actions mentioned at para IV (a) (i) to (viii) of this Pact also on the Commission by the Bidder/Contractor or any one employed by it or acting on its behalf (whether with or without the knowledge of the Bidder/Contractor), of an offence as defined in Chapter IX of the Indian Penal Code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption in Employer's country.
- (c) The decision of the First party to the effect that a breach of the provisions of this Pact has been committed by the Bidder/Contractor



shall be final and conclusive on the Bidder/Contractor. However, the Bidder/Contractor can approach the Independent External Monitor(s) appointed for the purposes of this Pact.

V. INDEPENDENT EXTERNAL MONITOR

(a) Appointment of IEM

- i. CMD, SJVN Ltd. will be competent to appoint IEM(s). A panel of IEMs shall be constituted by SJVN in consultation with TII and prior approval of CVC.
- ii. The IEMs appointed should be eminent personalities of high integrity and reputation.
- iii. Maximum two IEMs can be appointed in SJVN.
- iv. IEM will be a voluntary, non-salaried position of 3 year term.
- v. The IEM can be removed from his office, by SJVN only by an open and transparent process and such decision will have to be ratified by the Board of SJVN.
- vi. The detail regarding IEMs shall be available at Integrity Pact Corner on SJVN's official web-site.

(b) Role and Status of IEM

- i. IEM will be responsible to oversee implementation of integrity Pact Program to prevent corruption, bribes and any other unethical practices in SJVN, its subsidiaries and JVs.
- ii. IEM will have remuneration similar to Independent Director of the Board of SJVN and in any case should not exceed INR 20,000/- per sitting.
- iii. IEM will not have administrative or enforcement responsibilities.
- iv. IEM will coordinate his efforts with other anti-corruption institutions such as CVC.



- v. If the IEM observe or suspect an irregularity, he will inform the Chief Executive of First Party. Once the IEM is satisfied that any irregularity has taken place, he may also inform CVC and TI-India.
- vi. IEM will report to CMD, SJVN Ltd.
- vii. IEM shall perform his functions neutrally and independently.

(c) Power of Independent External Monitor

- i. IEM will have access to all officers and internal records of the First Party. He will also have access to counter parties' records and information regarding its dealing with First Party.
- ii. IEM will have the right to attend any meetings between First Party and the counter parties.
- iii. IEM will have authority to engage services of outside agencies such as accounting firms, law firms, etc. at First Party's expense, if required, in discharge of his responsibilities.

VI. IMPLEMENTATION PLAN OF INTEGRITY PACT

- a. The Integrity Pact is applicable for procurement of goods, services and works having estimated cost above the threshold limit as under:

Procurement of Goods	Rs. 8 Lacs.
Procurement of Services	Rs. 15 Lacs.
Procurement of works	Rs. 50 Lacs.

- b. Integrity Pact to be entered between First Party and its Bidders/Contractors is enclosed at Appendix.

The Integrity Pact to be signed between First Party and the bidders/contractors on plain papers at the time of submission of bid as per the approved format. Signed copy of the Integrity pact is to be included in the bid document while issuing Tender Document/ Uploading the Tender Documents on the Portals. The bidder



submitting tender document (including downloaded) shall sign the Integrity Pact in original on the signed /scanned Integrity Pact. The duly signed Integrity Pact shall be submitted by the bidder along with bid.

The successful bidder (Contractor) shall submit duly executed Integrity Pact on Non-Judicial Stamp Paper of appropriate value prior to signing of Contract Agreement.

- c. The Integrity Pact Programme will also be made available at official website of SJVN.
- d. Orientation Programme for Senior level Executives will be organized for successful implementations of "Integrity Pact Programme. Senior Officers will take pledge for implementation of Integrity Pact Programme.
- e. CVC guidelines issued from time to time will be strictly followed with respect to implementation of Integrity Pact Programme.

VII. PERIODIC REVIEW & EVALUATION

Periodically review of Integrity Pact Programme shall be carried as under:

- a. IEMs and senior leadership of SJVN will do an annual self-assessment of Integrity Pact Programme's effectiveness and identify areas/ways to improve.
- b. IEM will submit an annual report on the progress/effectiveness of Integrity Pact Programme to the Board of Directors.
- c. SJVN will conduct an annual 360-degree review (by an outside agency) with Senior Executives, Junior Executives, Suppliers and competitors to determine effectiveness of Integrity Pact Programme in reducing corruption.
- d. SJVN will meet CVC and TII on annual basis to review the effectiveness of the Programme.



- e. After review CMD will be empowered to make any change in Integrity Pact with counter party(ies) in consultation with TII/CVC/IEMs.

VIII. GENERAL TERMS & CONDITIONS

- a. Adoption of Integrity Pact is voluntary, but once adopted it should cover all tenders/procurement above specified threshold value.
- b. IP should cover all phases of Contract i.e. the stage from NIT to the stage of last payment including execution of warranty /guarantee.
- c. The provision for the Integrity Pact is to be included in all Requests for Proposal/ Tender documents issued in respect of the procurements/ contracts that meet criteria specified in para 2. Provisions regarding implementation of Integrity Pact shall be suitably adapted in the terms and conditions in the Tender package. Name of both IEMs are required to be included in NIT and bid conditions are also required to be modified to include a provision to the effect that the bidder shall be required to enter into Integrity Pact at the time of submission of bid, Further, following has to be ensured, through an appropriate provision in the tenders/ Contract, that:
- (1) IP is deemed as part of the contract so that the parties concerned are bound by its provisions.
 - (2) IEMs have been appointed by the Commission.
 - (3) A person signing IP shall not approach the Court while representing the matters to IEMs and he/she will await their decision in the matter.
 - (4) In case of sub-contracting, the principal contractor shall take the responsibility of the adoption of IP by the sub-contractor.

In this regard, periodical vendors' meets, as a familiarization and confidence building measure, would be desirable for a wider and realistic compliance of the principles of IP.

In case where pre-qualification process is resorted to, the conditions referred to in ITB and NIT shall be suitably incorporated at appropriate places in the PQ Document.



- d. The successful bidder (Contractor) shall submit duly executed Integrity Pact on Non-Judicial Stamp Paper of appropriate value prior to signing of Contract Agreement.
- e. Names of both IEMs should be invariably cited in NIT.
- f. Terms and Conditions including remuneration payable to Independent External Monitors need not be a part of the Integrity Pact.
- g. Each organization (SJVN, SAPDC, STPL, KHEL etc.) shall name one of its departments as Nodal Department for the purpose of implementation of Integrity Pact in their respective organization.
- h. The Information regarding implementation of Integrity Pact is required to be shared with IEMs in the Quarterly Structured meetings of Chief Executive of First Party with the IEMs, for which the details of tender packages, shall be furnished to Nodal Department immediately upon issue of NIT. The Nodal Department of each organization shall be responsible for organizing the meeting and processing cases for payment of IEMs.