

**BHARAT COKING COAL LIMITED****INTEGRITY PACT PROGRAM****INTRODUCTION**

Bharat coking Coal Limited (A Subsidiary of Coal India Ltd) is a premier Public Sector Organization engaged in various activities in coal Sector in the state of Jharkhand and West Bengal. BCCL conducts its business in highest ethical standards.

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

In order to achieve these goals, BCCL is implementing the Integrity Pact Program in cooperation with Central Vigilance Commission (CVC) and Transparency International India (TII). As a part of this initiative BCCL will, in consultation with CVC appoint external Independent Monitors from the list of name approved by CVC for empanelment as Independent External Monitor for implementation of Integrity Pact Program at Coal India and its subsidiary companies, who will help BCCL implement the Integrity Pact Program.

Following are the details of BCCL's Integrity Pact Program:

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

**II. COMMITMENTS AND OBLIGATION OF BCCL**

- a) BCCL is committed to have most ethical and corruption free business dealings with Counterparties.
- b) BCCL values its relationship with all Counterparties and will deal with them in a fair and transparent manner.
- c) BCCL and/or its Associates (employees, agents, consultants, advisors, etc.) will not seek or take bribes / undue benefit directly or indirectly for themselves or for third parties.

- d) In competitive tender as well as in general procurement BCCL will deal with all Counterparties with equity, reason and fairness.
- e) BCCL will exclude all Associates who may be prejudiced or have a Conflict of Interest in dealings with Counterparties.
- f) BCCL will honour its commitments and make due payments to Counterparties in a timely manner.
- g) BCCL will initiate action and pursue it vigorously whenever corruption or unethical behaviour 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 any one to gain undue advantage in dealing with the BCCL.
- b) The Counterparty will not engage in collusion, Price-Fixing, etc. with other Counterparties in dealing with the BCCL.
- c) The Counterparty will not pass on to any third party any of the BCCL's confidential information unless authorized by the BCCL.
- d) The Counterparty will promote and observe best ethical practices within its organization.
- e) The Counterparty will inform the Independent Monitor:
  - i) If he receives demand for a bribe or illegal payment/benefit and
  - ii) If comes to know of any unethical or illegal practice in the BCCL's organization
  - iii) If he makes any payment to any BCCL Associate.
- f) The Counterparty will not make any false or misleading allegations against the BCCL or its Associates.

### IV. **VIOLATIONS & CONSEQUENCES**

- a) If a Counterparty commits a violation of its Commitments and Obligations under the Integrity Pact Program during bidding process, he shall be liable to compensate BCCL by way of Liquidated damages amounting to a sum equivalent to 3% to 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 BCCL terminates or is entitled to terminate the Contract, BCCL shall be entitled to demand and recover from the Contractor liquidated damages equivalent to 5% of the contract value or the amount equivalent to Security Deposit/Performance Bank Guarantee, whichever is higher.
- c) BCCL may ban and exclude the Counterparty from future dealings until the Independent Monitor is satisfied that the Counterparty will not commit any future violation.

- d) BCCL 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, BCCL is the authority to appoint Independent Monitor(s) in consultation with CVO BCCL from the list of name approved by CVC for empanelment as Independent External Monitor for implementation of Integrity Pact Program at Coal India and its subsidiary companies to oversee Integrity Pact Program implementation and effectiveness. 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 BCCL.
2. The Independent Monitor will be a person of impeccable Integrity, Knowledgeable of BCCL's business and experienced in commercial activities.
3. It will be a voluntary, non-salaried position of 3 years terms. Independent Monitor will have stature /benefits similar to those of Chairman of the Audit Committee of Board/status of the Directors of BCCL.
4. The major goal of the Independent Monitor will be to oversee implementation Integrity Pact Program to prevent corruption, bribes and any other unethical practices in the BCCL.
5. The Independent Monitor 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 BCCL's expense, if required, in discharge of his responsibilities.
6. The Independent Monitor will have access to all officers and internal records of the BCCL. He will also have access to Counterparties' records and information regarding its dealing with the BCCL.
7. The Independent Monitor will have the right to attend any meetings between the BCCL and the Counterparties.

8. If the Independent Monitor observe or suspect an irregularity, he will inform the Chairman of BCCL and Chairman of the Audit Committee of its Board of Directors. Once the Independent Monitor is satisfied that any irregularity has taken place, he may also inform CVC and Transparency International-India.
9. The Independent Monitor can be removed from his office for cause by the BCCL only by an open and transparent process and such decision will have to be ratified by the Board of BCCL.

## VI. IMPLEMENTATION GUIDELINES

To implement the Integrity Pact Program the following general Guidelines are suggested:

- a) To select and appoint an Independent Monitor in consultation with CVC and TII.
- b) To get commitment from all Senior Level executives/officials of BCCL to implement the program. It should be recognized that there may be the resistance to Integrity Pact program.
- c) To develop detailed implementations plans 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 Organization and major suppliers BCCL's plans to implement Integrity Pact program, which is to be Included it in BCCL's web site and disclose this initiative to the media.

## VII. PERIODIC REVIEW & EVALUATION

It is recommended that BCCL periodically review the effectiveness of Integrity Pact Program by all or some of the following:

1. The Independent Monitors and senior leadership of BCCL 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 BCCL.

3. BCCL may conduct an annual 360-degree review (by an outside agency) with senior may executives, junior executives, suppliers, and competitors of effectiveness of Integrity Pact Program in reducing corruption.

BCCL meet with CVC and TII on an annual basis to review the effectiveness of program.