

Covering Letter required to be signed and submitted by the tenderer

Ref:

Dated:

To

M/s. Chennai Petroleum Corporation Limited

Sub: Submission of Offer for Tender No... ..

Dear Sir,

The Bidder acknowledges that Chennai Petroleum Corporation Limited (CPCL) has signed the MOU with Transparency International India for the adoption of the Integrity Pact Program and stands committed to following the principles thereof as enumerated in the Integrity Agreement enclosed with the tender document.

The Bidder agrees that the Notice Inviting Tender (NIT) is an invitation to offer made on the condition that the Bidder will sign the enclosed Integrity Agreement, which is an integral part of tender documents, failing which the tenderer will stand disqualified from the tendering process. The Bidder acknowledges that the Bid would be kept open in its original form without variation or modification for a period of _____ days (state the number of days from the last date for the receipt of tenders stated in the NIT) AND THE MAKING OF THE BID SHALL BE REGARDED AS AN UNCONDITIONAL AND ABSOLUTE ACCEPTANCE of this condition of the NIT.

Bidder confirms acceptance and compliance with the Integrity Agreement in letter and spirit and further agrees that execution of the said Integrity Agreement shall be separate and distinct from the main contract, which will come into existence when bid is finally accepted by CPCL. The Bidder acknowledges and accepts the duration of the Integrity Agreement, which shall be in line with Article 8 of the enclosed Integrity Agreement.

Bidder acknowledges that in the event of Bidder's failure to sign and accept the Integrity Agreement, while submitting the Bid, CPCL shall have unqualified, absolute and unfettered right to disqualify the tenderer and reject the Bid in accordance with the terms and conditions of the tender.

Yours faithfully,
(Duly authorized Signatory of the Bidder)

(Note - One copy of this letter along with the Integrity Agreement duly signed must be returned along with offer).

For CPCL

For Bidder

INTEGRITY PACT

BETWEEN

Chennai Petroleum Corporation Limited (CPCL) hereinafter referred to as "The Principal",

AND

..... hereinafter referred to as "The Bidder / Contractor".

PREAMBLE

The Principal intends to award, under laid down organizational procedures, contract/s for ".....". 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 will appoint an Independent External Monitor (IEM) who will monitor the tender process and the execution of the contract for compliance with the principles mentioned below.

SECTION 1 – COMMITMENTS OF THE PRINCIPAL

- (1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles: -
 - (a) No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for him/herself or 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 confidential / additional 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.

For CPCL

For Bidder

- (2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC / PC Act, 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 commit itself to take all measures necessary to prevent corruption. He commits himself to observe the following principles 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 with other Bidders 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 cartelisation in the bidding process.
- (c) The Bidder / Contractor will not commit any offence under the IPC / PC Act; 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 or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
-

For CPCL

For Bidder

(e) Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;

- (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

If the Bidder, before award of contract 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, the Principal is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.

- (1) If the Bidder / Contractor have committed a transgression through a violation of Section 2 such as to put his reliability or credibility into question, the Principal is entitled also to exclude the Bidder / Contractor from future contract award processes. The imposition and duration of the exclusion will be determined by 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 6 months and maximum of 3 years.
- (2) The Bidder accepts and undertakes to respect and uphold the Principal's absolute right to resort to and impose such exclusion.
- (3) Apart from the above, the Principal may take action for banning of business dealings / holiday listing of the Bidder as deemed fit by the Principal.
- (4) If the Bidder / Contractor can prove that he has restored / recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the exclusion prematurely.

For CPCL

For Bidder

- (5) A transgression is considered to have occurred if in light of available evidence no reasonable doubt is possible.

SECTION 4 – COMPENSATION FOR DAMAGES

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

- Forfeiture of EMD / Security Deposit:** If the Principal has disqualified the Bidder(s) from the Tender process prior to the award of the Contract or terminated the Contract or has accrued the right to terminate the Contract according to Section 3, the Principal apart from exercising any legal rights that may have accrued to the Principal, may in its considered opinion forfeit the Earnest Money Deposit / Bid-Security amount of the Bidder / Contractor.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal 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.
- (3) The bidder agrees and undertakes to pay the said amounts without protest or demur subject only to condition that if the Bidder / Contractor can prove and establish that the exclusion of the Bidder from the tender process or the termination of the contract after the contract award has caused no damage or less damage than the amount of the liquidated damages, the Bidder / Contractor shall compensate the Principal only to the extent of the damage in the amount proved.

SECTION 5 – PREVIOUS TRANSGRESSION

- (1) The Bidder declares that no previous transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Section Enterprise in India that could justify his exclusion from the tender process.

For CPCL

For Bidder

- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.
- (3) If the Bidder / Contractor can prove that he has resorted / recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may, at its own discretion as per laid down organizational procedures, revoke the exclusion prematurely.

SECTION 6 – EQUAL TREATMENT OF ALL BIDDERS / CONTRACTORS / SUB-CONTRACTORS

- (1) The Bidder / Contractor undertake to demand from all sub-contractors a commitment in conformity with this Integrity Pact.

The Bidder / Contractor shall be responsible for any violation(s) of the principles laid down in this agreement / Pact by any of its Sub-contractors / Sub-vendors.

- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders and Contractors.
- (3) The Principal will 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 / SUB-CONTRACTORS

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Sub-Contractor or of an employee or a representative or an associate of a Bidder, Contractor or Sub-Contractor, which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the Vigilance Office.

**SECTION 8 – EXTERNAL INDEPENDENT MONITOR / MONITORS
(NUMBER DEPENDING ON THE SIZE OF THE CONTRACT
TO BE DECIDED BY THE CHAIRPERSON OF THE PRINCIPAL)**

- (1) The Principal appoints competent and credible external independent Monitor for this Pact. The task of the Monitor is to review independently and objectively,
-

For CPCL

For Bidder

whether and to what extent the parties comply with the obligations under this agreement.

- (2) The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently.
- (3) The Contractor accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Sub-contractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder / Contractor / Sub-contractor with confidentiality.
- (4) In case of tenders having an estimated value of Rs.10 Crore, the Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or to take other relevant action. The Monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (6) The Monitor will submit a written report to the CEO of the Principal within 2 weeks from the date of reference or intimation to him by the 'Principal' and, should the occasion arise, submit proposals for correcting problematic situations.
- (7) If the Monitor has reported to the CEO of the Principal substantiated suspicion of an offence under the IPC / PC Act and the CEO has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Office, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.
- (8) The word 'Monitor' would include both singular and plural.

For CPCL

For Bidder

SECTION 9 – PACT DURATION

This Pact begins when both the parties have legally signed it. It expires for the Bidder / Contractor 12 months after the completion of work under the Contract or till the continuation of defect liability period, whichever is more and for all other Bidders, till the Contract is awarded.

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 the CEO of the Principal.

SECTION 10 – OTHER PROVISIONS

- (1) A person signing this Integrity Pact shall not approach the Courts while representing the matters to IEMs and he/she will await their decision in the matter.
- (2) This agreement is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the Principal, i.e., Chennai.
- (3) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- (4) If the Contractor is a partnership or a consortium **or Joint Venture**, this agreement must be signed by all partners or consortium members **or partners of Joint Venture**.
- (5) Should one or several provision of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
- (6) In the event of any dispute between the management and the contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle the dispute through mediation before the panel of IEMs in a time bound manner. The fees and other expenses on dispute resolution shall be equally shared by both.

For CPCL

For Bidder

(7) In case, the dispute remains unresolved even after mediation by the panel of IEMs, CPCL may take further action as per the terms and conditions of the contract.

For the Principal (CPCL)

For the Bidder / Contractor

WITNESS-1

WITNESS-1

WITNESS-2

WITNESS-2

Place : _____

Date : _____

For CPCL

For Bidder