



## NHDC Ltd.

### INTEGRITY PACT PROGRAM

#### I. INTRODUCTION

NHDC Ltd. is a premier Public Sector Organization and largest hydropower producer in the state of Madhya Pradesh. NHDC conducts its business in highest ethical standards.

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

In order to achieve these goals, NHDC is implementing the Integrity Pact Program in cooperation with Central Vigilance Commission (CVC) and Transparency International India (TII). As a part of this initiative, NHDC will, in consultation with CVC and TII, appoint external Independent Monitors who will help NHDC to implement the Integrity Pact Program.

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

- Commitments and Obligation of NHDC
- Commitments and Obligation of Counter parties
- Violation and Consequences
- Independent Monitor
- Implementation Guidelines
- Periodic Review and Evaluation

#### II. COMMITMENTS AND OBLIGATION OF NHDC

- a) NHDC is committed to have most ethical and corruption free business dealings with Counterparties.
- b) NHDC values its relationship with all Counterparties and will deal with them in a fair and transparent manner.
- c) NHDC 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 NHDC will deal with all Counterparties with equity, reason and fairness.
- e) NHDC will exclude all Associates who may be prejudiced or have a Conflict of Interest in dealings with Counterparties.
- f) NHDC will honour its commitments and make due payments to Counterparties in a timely manner.
- g) NHDC will initiate action and pursue it vigorously whenever corruption or unethical behavior 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 any one to gain undue advantage in dealing with NHDC.
- b) The Counter party will not engage in collusion, price-fixing, etc. with other Counter parties in dealing with NHDC.
- c) The Counter party will not pass on to any third party any of the NHDC's confidential information unless authorized by NHDC.
- d) The Counter party will promote and observe best ethical practices within its organization.

- e) The Counter party will inform the Independent Monitor:
  - i) If he receives demand for a bribe or illegal payment/benefit
  - ii) If comes to know of any unethical or illegal practice in the NHDC's organization and
  - iii) If he makes any payment to any NHDC Associate.
- f) The Counterparty will not make any false or misleading allegations against the NHDC or its Associates.

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

- a) If a Counter party commits a violation of its Commitments and Obligations under the Integrity Pact Program during bidding process, shall be liable to be disqualified from the bidding process and/or liable for action as per the Policy and Procedure for Banning of Business Dealings. The counterparties are also liable to compensate NHDC by way of liquidated damages amounting to a sum equivalent to Earnest Money Deposit/Bid Security.
- b) In case of violation of the Integrity Pact whereby after award of the Contract the Employer terminates or is entitled to terminate the Contract, NHDC shall be entitled to demand and recover from the Contractor an amount of liquidated damages equivalent to Security Deposit/Performance Bank Guarantee, in addition to any other damages / recoveries as per the terms & conditions of the contract.
- c) NHDC may ban and exclude the Counter party from future dealings until the Independent Monitor is satisfied that the Counter party will not commit any future violation.
- d) Employer will inform the same to CVO & may initiate criminal proceedings against the violating Counter party.
- e) The Counter party will be liable to damages as determined by the Independent Monitor.

#### **V. INDEPENDENT MONITOR**

- a) MD/CED, NHDC is the authority to appoint Independent Monitor(s) to oversee Integrity Pact Program implementation and effectiveness. The process for their appointment shall be similar to Outside Expert Committee (OEC). For this purpose, a panel of Independent Monitors may be constituted by NHDC in consultation with Transparency International (TI) and the same may be referred to CVC for clearance.
- b) The Independent Monitor will be a person of impeccable Integrity; Knowledgeable of NHDC's business and experienced in commercial activities.
- c) It will be a voluntary, non-salaried position of 3 year term. Independent Monitor will have benefits similar to those of independent Directors of NHDC.
- d) The major goal of the Independent Monitor will be to oversee implementation of Integrity Pact Program to prevent corruption, bribes and any other unethical practices in NHDC.
- e) 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 NHDC's expense, if required, in discharge of his responsibilities.
- f) The Independent Monitor will have access to all officers and internal records of the NHDC. He will also have access to Counter parties' records and information regarding its dealing with the parties.
- g) The Independent Monitor will have the right to attend any meetings between NHDC and the Counter parties required in consequence with violation / implementation of integrity pact.
- h) If the Independent Monitor observe or suspect an irregularity, he will inform to MD/CED of NHDC. Once the Independent Monitor is satisfied that any irregularity has taken place, he may also inform CVC and TI-India.

- i) The Independent Monitor can be removed from his office for cause by MD/CED of NHDC only by an open and transparent process.

## **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 TI India and CVC.
- b) To get commitment from all Senior Level executives/officials of NHDC to implement the program. It should be recognized that there may be the resistance to Integrity Pact program.
- c) To develop detailed implementation 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 over-sight body of the Organization and major suppliers / contractors NHDC's plans to implement Integrity Pact program, which is to be included in NHDC's web site and disclose this initiative to the media.

## **VII. PERIODIC REVIEW & EVALUATION**

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

- a) The Independent Monitors and senior leadership of NHDC do an annual self assessment of Integrity Pact Program effectiveness and identify areas / ways to improve.
- b) The Independent Monitor to submit an annual report on the progress / effectiveness of Integrity Pact Program to the MD/CED of NHDC.
- c) NHDC may conduct an annual 360-degree review (by an outside agency) with senior executives, junior executives, suppliers, contractors and competitors of effectiveness of Integrity Pact Program in reducing corruption.
- d) NHDC meet with CVC and TII on an annual basis to review the effectiveness of program.