

OIL INDIA LIMITED

INTEGRITY PACT PROGRAM

I INTRODUCTION

Oil India Limited (OIL) is a premier Public Sector Organization engaged in various activities in Petroleum Sector in India and internationally. OIL 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). OIL is committed to fostering the most ethical and corruption free business environment. OIL values its relationships with all Counterparts and deals with them in fair and transparent manner.

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

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

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

II. COMMITMENTS AND OBLIGATION OF OIL

- a) OIL is committed to have most ethical and corruption free business dealings with Counterparties.
- b) OIL values its relationship with all Counterparties and will deal with them in a fair and transparent manner.
- c) OIL 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 OIL will deal with all Counterparties with equity, reason and fairness.
- e) OIL will exclude all Associates who may be prejudiced or have a Conflict of Interest in dealings with Counterparties.

- f) OIL will honour its commitments and make due payments to Counterparties in a timely manner.
- g) OIL 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 OIL.
- b) The Counterparty will not engage in collusion, Price-Fixing, etc. with other Counterparties in dealing with OIL.
- c) The Counterparty will not pass on to any third party any of the OIL's confidential information unless authorized by OIL.
- 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 OIL.
 - iii) If he makes any payment to any OIL Associate.
- f) The Counterparty will not make any false or misleading allegations against OIL 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 OIL 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 OIL terminates or is entitled to terminate the Contract, OIL 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) OIL 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) OIL 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. C&MD, OIL 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 OIL in consultation with Transparency International India (TII) and the same may be referred to CVC for clearance. 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 OIL.
2. The Independent Monitor will be a person of impeccable Integrity, knowledgeable of OIL's business and experienced in commercial activities.
3. It will be a voluntary, non-salaried position of 3 years term. Independent Monitor will have stature /benefits similar to those of Chairman of the Audit Committee of Board/status of the Directors of OIL.
4. 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 the OIL.
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 OIL's expense, if required, in discharge of his responsibilities.
6. The Independent Monitor will have access to all officers and internal records of OIL. He will also have access to Counterparties' records and information regarding its dealing with OIL.
7. The Independent Monitor will have the right to attend any meetings between OIL and the Counterparties.
8. If the Independent Monitor observes or suspects an irregularity, he will inform the C&MD of OIL 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 OIL only by an open and transparent process and such decision will have to be ratified by the Board of OIL.

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 OIL to implement the program. It should be recognized that there may be 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 over-seeing body of the Organization and major suppliers regarding OIL's plans to implement Integrity Pact program, which is to be Included in OIL's web site and disclose this initiative to the media.

VII. **PERIODIC REVIEW & EVALUATION**

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

1. The Independent Monitors and senior leadership of OIL 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 OIL.
3. OIL may conduct an annual 360-degree review (by an outside agency) with senior executives, junior executives, suppliers, and competitors of effectiveness of Integrity Pact Program in reducing corruption.
4. OIL meets with CVC and TII on an annual basis to review the effectiveness of program.