



IP-2

INTEGRITY PACT

Between

MSTC LTD, hereinafter, referred to as "MSTC",

and

..... hereinafter referred to as "The Buyer/Vendor"

Preamble

WHREAS, MSTC is acting as an agent for the purpose of disposal/sale/booking/procurement of various commodities;

And

WHEREAS, MSTC values full compliance with all relevant laws and regulations, and the principles of economical use of resources, and of fairness and transparency in its relations with its Principals.

In pursuance, thereto, the following clauses of the Integrity Pact will be applicable and this document shall be deemed to be an integral part of the Agency Agreement between us.

In order to achieve this goal, MSTC may seek cooperation of the renowned international Non-Governmental Organization "Transparency International" (TI). Following TI's national and international experience, MSTC may appoint an external independent Monitor who will monitor the tender/auction/e-auction/e-sale/e-booking process and the execution of the contract for compliance with the principles mentioned above.

IP-2

Section - 1 Commitments of MSTC

MSTC commits itself to take all measures necessary to prevent corruption and to observe the following principles :-

- a) No employee of MSTC, 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) MSTC will, during the tender/auction/e-auction/e-sale/e-booking process, provide to all Buyer(s)/Vendor(s) the same information and will not provide to any Buyer/Vendor confidential/additional information through which the Buyer/Vendor could obtain an advantage in relation to the tender/auction/e-auction/e-sale/e-booking process or the contract execution.
- c) MSTC will exclude from the process all known prejudiced persons.

If MSTC obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, or if there be a substantive suspicion in this regard, MSTC will inform its Vigilance Office and in addition can initiate disciplinary actions.

Section - 2 Commitments of the Buyer/Vendor

The Buyer/Vendor commits himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender/auction/e-auction/e-sale/e-booking/e-procurement process and during the contract execution.

IP-2

- i) The Buyer/Vendor will not, directly or through any other person or firm, offer, promise or give to MSTC, to any of MSTC's employees involved in the tender/auction/e-auction/e-sale/e-booking process or the execution of the contract or any third person any material or immaterial benefit which he/she is not legally entitled to, in order to obtain in exchange an advantage during the tender process or the execution of the contract.
- ii) The Buyer/Vendor will not enter with other Buyer(s) into any illegal agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or actions to restrict competitiveness.
- iii) The Buyer/Vendor will not commit any criminal offence under the relevant Anti-Corruption Laws of India; further the Buyer/Vendor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by MSTC as part of the business relationship, regarding plans technical proposals and business details, including information contained or transmitted electronically.
- iv) The Buyer/Vendor 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.

- v) The Buyer/Vendor will not instigate third persons to commit offences outlined above or be an accessory to such offences.

IP-2

Section - 3 Disqualification from tender process and exclusion from future contracts

If the Buyer, before contract award, has committed a serious transgression through a violation of Section 2 above or in any other form such as to put his reliability or credibility as Buyer into question, MSTC is entitled to disqualify the Buyer from the tender/auction/e-auction/e-sale/e-booking process or to terminate the contract, if already signed, for such reason.

- i) If the Buyer/Vendor has committed a serious transgression through a violation of Section 2 above such as to put his reliability or credibility into question, MSTC is entitled also to exclude the Buyer/Vendor 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 Buyer and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.
- ii) If the Buyer/Vendor can prove that he has restored/recouped the damage caused by him and has installed a suitable corruption prevention system, MSTC may revoke the exclusion prematurely.
- iii) A transgression is considered to have occurred if in light of available evidence no reasonable doubt is possible.

Section - 4 Compensation for Damages

1. If MSTC has disqualified the Buyer from the tender/auction/e-auction/e-sale/e-booking process prior to the award according to Section 3 above, MSTC is

IP-2

entitled to demand from the Buyer liquidated damages equivalent to 3% of the value of the offer.

2. If MSTC has terminated the contract according to Section 3, or if MSTC is entitled to terminate the contract according to Section 3, MSTC shall be entitled to demand from the Vendor liquidated damages equivalent to 5% of the contract value.

3. If the Buyer/Vendor can prove that the exclusion of the Buyer from the tender/auction

/e-auction/e-sale/e-booking 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 Buyer/Vendor has to compensate only the damage in the amount proved. If MSTC can prove that the amount of the damage caused by the disqualification of the Buyer before contract award or the termination of the contract after contract award is higher than the amount of the liquidated damages, it is entitled to claim compensation for the higher amount of damages.

Section - 5 Previous Transgression

1. The Buyer declares that no previous transgressions occurred in the last 3 years with any other company in any country conforming to the TI approach or with any other Public Sector Enterprise in India that could justify his exclusion from the tender process.
2. If the Buyer 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.

IP-2

Section - 6 Equal treatment of all Buyer(s)/Vendor(s)

1. The Buyer/Vendor undertakes to demand from all subcontractor(s) a commitment consistent with this Integrity Pact, and to submit it to MSTC before contract signing.
2. MSTC will enter into agreements with identical conditions as this one with all Buyer(s), Vendor(s).
3. MSTC will disqualify from the tender process all Buyer(s) who do not sign this Pact or violate its provisions.

Section - 7 Criminal Charges against violating Buyer(s)/Vendor(s)

If MSTC obtains knowledge of conduct of a Buyer, Vendor or of an employee or a representative or an associate of a Buyer, Vendor which constitutes corruption, or if MSTC has substantive suspicion in this regard, MSTC will inform the Vigilance Office.

Section - 8 External Independent Monitor

1. MSTC may appoint competent and credible External Independent Monitor for this Pact. In such case the task of the Monitor is to review independently and objectively, 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. He reports to the Chairperson of the Board of MSTC.

IP-2

3. The Monitor has the right of access without restriction to all Project documentation of MSTC. The Vendor will also grant the Monitor, upon his request and demonstration of a valid interest, unlimited access to his project documentation. The Monitor is under contractual obligation to treat the information and documents of the Buyer/Vendor with confidentiality.
4. MSTC will provide to the Monitor sufficient information about all meetings among the parties related to the project provided as meetings could have an impact on the contractual relations between MSTC and the Vendor. The parties offer to the Monitor the option to participate in such meetings.
5. As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of MSTC and request the Management to discontinue or heal the violation, or to take other relevant action. The Monitor can in this regard subject 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 regularly submit a written report to the Chairperson of the Board of MSTC and, should the occasion arise, submit proposals for correcting problematic situations.
7. If the Monitor has reported to the Chairperson of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India, and the Chairperson 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.

IP-2

Section - 9 Pact Duration

This Pact begins when both parties have legally signed it. It expires for the Vendor 12 months after the last payment under the respective contract, and for all other Buyers' 6 months after the contract has been awarded.

Section - 10 Other Provisions

1. This agreement is subject to Indian Law. Place of performance and jurisdiction is the

Corporate Office of MSTC.

2. Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
3. If the Vendor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
4. Should one or several provisions 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.

For MSTC

Place : _____

Date : _____

For Buyer/Vendor

Witness 1 : _____

Witness 2 : _____