FINAL ASSESSMENT

BHARAT EARTH MOVERS LIMITED
(BEML)

The following pages contain the detailed scoring for your company based on public information.

The following table represents a summary of your scores:

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<th>Topic</th>
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<tr>
<td>Leadership, Governance and Organisation</td>
<td>10</td>
<td>25%</td>
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<td>Risk Management</td>
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<td>Company Policy and Codes</td>
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<td>Training</td>
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<td>Personnel and Helplines</td>
<td>7</td>
<td>35.7%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>20.7%</strong></td>
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</tbody>
</table>
A1: Does the company publish a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company?

Score: 0

Comments:
Based on public information, there is no readily available evidence that the company publishes a statement from the Chief Executive Officer or the Chair of the Board supporting the ethics and anti-corruption agenda of the company. TI notes the comments made in the Annual Report and the Vigilance Awareness Week publication regarding transparency and corporate governance, but these make no direct reference to ethics or anti-corruption.

References:
Public:
TI notes:
Company website:
‘Shri P. Dwarakanath has assumed charge as Chairman & Managing Director with effect from 10.10.2012’
http://www.bemlindia.com/boardofdirectors.php

Annual Report (2012-2013), p.2:
‘Your company takes pride in constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on corporate governance under the listing agreement entered into with the stock exchanges and the guidelines issued by the Dept. of Public Enterprises for CPSEs form part of the Directors’ Report.’

Vigilance Awareness Week (2012), VIG Kiran 2, pp.5-6:
‘I am pleased to note that BEML Vigilance Department is bringing its second edition of “VIG-KIRAN”, a handbook on Vigilance matters, coinciding with the observance of Vigilance Awareness Week from 29th October to 3rd November 2012, pursuant to the directives of }
the Central Vigilance Commission. The theme for this year is “Transparency in Public Procurement”.

We incur substantial expenses in procurement of goods and hence any saving in procurement would directly contribute to improving our bottom line. All of us know that procurement plays a very important role and absolute transparency is necessary in this sphere. In this direction, we have already put in place a detailed Purchase Manual, which conforms to the various directives received from the Government and other statutory policies. Our Company’s Purchase Manual has been modified to incorporate various changes in the business environment and have introduced measures like - on line registration of vendors, e-Tenders, e-Reverse auction, e-Payment to vendors etc.

I take this opportunity to congratulate CVO and her team for their continuous endeavor in making recommendations for improving the systems and procedures and their quick response in dealing with issues related to Vigilance Administration and external agencies.

I convey my best wishes for bringing out the second edition of “VIG-KIRAN” and also for the successful observance of Vigilance Awareness Week, which is scheduled to be observed between 29th October to 3rd November 2012.’

P Dwarakanath, Chairman and Managing Director

http://www.bemlindia.com/documents/Vigilance/VIG_Kiran_Ver.2.pdf

Vigilance Awareness Week (2013), VIG Kiran 3, pp.4-5:

‘BEML, as a Company with a diversified product is totally committed to the organisation goal of higher transparency and better corporate governance. By adhering to norms and guidelines set by Vigilance in all our business transactions, I have no doubts whatsoever, that we would be able to promote good governance in the Company.

While rules, procedures and systems are in place to ensure fairness, accountability and transparency in every activity of the Company, adherence to the same by everyone in their respective areas of work is imperative to achieve the prime objective of Good Governance.’

P Dwarakanath, Chairman and Managing Director

A2:
Does the company’s Chief Executive Officer or the Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company’s Chief Executive Officer or Chair of the Board demonstrate a strong personal, external facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A3:
Does the company’s Chief Executive Officer demonstrate a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company, actively promoting the ethics and anti-corruption agenda at all levels of the company structure?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the Chief Executive Officer demonstrates a strong personal, internal-facing commitment to the ethics and anti-corruption agenda of the company.

References:
Public:
NA
A4:
Does the company publish a statement of values or principles representing high standards of business conduct, including honesty, trust, transparency, openness, integrity and accountability?

Score:

1

Comments:
Based on public information, there is some evidence that the company publishes a statement of values including trust, accountability, integrity and transparency. This only takes the form of a short sentence in the company’s annual reports and a small sentence on the company’s website. The company therefore scores 1. To score higher the company would need to provide evidence that it explains in detail why these values matter to the organisation and how they are put into practice.

References:
Public:
Annual Report (2012-2013), p.25:
‘The Company for the future is expected to have undergone significant transformation such that CSR no longer becomes managed as a separate deliverable, but is part of the experience of being an employee in an organization that lives its values’

(p.32): ‘At BEML, Senior Management initiates the governance standards and ensures that it is percolated throughout the organization. Your Company firmly believes in the importance of ethics among the employees and strives to develop a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while keeping the whole structure of the Company more responsible towards enhancing the trust of all stakeholders, whether it is majority or minority.’

Company Website, About Us:
‘The Vigilance Department of BEML Ltd. has the following ‘Corporate Vigilance Vision’:

- Preventive over Punitive Actions
- To enforce meaningful, workable and objective Systems / Procedures to:
  - Develop Trust and Transparency in all Transactions
- Prevent leakage of revenue
- Promote pride and self-esteem of the Organization

Time bound action in all spheres of activities’

http://www.bemlindia.com/vigaboutus.php
A5:
Does the company belong to one or more national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company belongs to national or international initiatives that promote anti-corruption or business ethics with a significant focus on anti-corruption.

References:

Public:
NA
A6: Has the company appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda?

Score: 0

Comments:
Based on public information, there is no readily available evidence that the company has appointed a Board committee or individual Board member with overall corporate responsibility for its ethics and anti-corruption agenda. TI notes that a Vigilance Department exists, however evidence does not suggest it is equivalent to a Board level committee.

References:
Public:
TI notes
Company website:

'Vigilance
About Us:
- The Vigilance Department in BEML Limited is headed by the Chief Vigilance Officer (CVO), deputed by the Central Vigilance Commission (CVC), New Delhi.
- The Vigilance Department of BEML Ltd. has the following ‘Corporate Vigilance Vision’.
  - Preventive over Punitive Actions
  - To enforce meaningful, workable and objective Systems / Procedures to:
    ▪ Develop Trust and Transparency in all Transactions
    ▪ Prevent leakage of revenue
    ▪ Promote pride and self-esteem of the Organization
  - Time bound action in all spheres of activities'

http://www.bemlindia.com/vigaboutus.php
A7:

Has the company appointed a person at a senior level within the company to have responsibility for implementing the company’s ethics and anti-corruption agenda, and who has a direct reporting line to the Board?

Score:

2

Comments:

Based on public information, there is evidence that the company has given Chief Vigilance Officer, Kavitha Kestur, responsibility for implementing the company’s ethics and anti-corruption agenda.

References:

Public:
Company website, Senior Executives:
‘Smt. Kavitha Kestur Chief Vigilance Officer’
http://www.bemlindia.com/senior_executives.php

Annual Report (2012-2013), p.18:
‘The Company has an independent Vigilance Department headed by a full-time Chief Vigilance Officer. The scope of work of the Vigilance Department has been set out to address risk factors in procurement and administration through investigation of complaints and through preventive measures with the objective of promoting integrity, transparency, accountability and equity as also increasing efficiency and productivity by leveraging technology in the organisation. The functional units of Vigilance department, viz., Investigation Wing, Disciplinary Wing, Anti-corruption Wing, Preventive Vigilance Wing and Technical Wing deal with various facets of vigilance mechanism’

Company website, Vigilance, About us:
‘The Vigilance Department in BEML Limited is headed by the Chief Vigilance Officer (CVO), deputed by the Central Vigilance Commission (CVC), New Delhi.
The Vigilance Department of BEML Ltd. has the following ‘Corporate Vigilance Vision’.
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Prevent leakage of revenue
Promote pride and self-esteem of the Organization
Time bound action in all spheres of activities’
http://www.bemlindia.com/vigaboutus.php

Vigilance Awareness Week (2013), VIG Kiran 3, pp.6-8: Message from the CVO.
A8:
Is there regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda?

Score:

0

Comments:
Based on public information, there is no readily available evidence of regular Board level monitoring and review of the performance of the company’s ethics and anti-corruption agenda. The Annual Inspection Plan is stated in the Annual Report, but it is unclear if this relates to anti-corruption. TI notes that as per the Central Vigilance Commission’s website the duties of the Chief Vigilance Officer include reviewing the company’s ethics and anti-corruption agenda. However, TI found no reference to this on the company website. TI also notes that the Audit Committee complies with the guidelines of the Central Vigilance Commission, but has found no further evidence of a regular review of the vigilance policy.

References:
Public:
TI notes:
‘VIGILANCE:
During the year, the Complaint Handling Policy of the Company was reviewed and revised to mirror Central Vigilance Commission (CVC) guidelines for ensuring all complaints / grievances received in the organization by any functionary containing an element of alleged corruption, malpractices or misconduct etc., be sent to the Chief Vigilance Officer of the organisation for determining the 'vigilance angle' and taking further course of action.
Vigilance department, inter-alia, organized a programme on 'Tone from the Top' at which the management interacted with senior executives across the Company via live simultaneous two way video and audio transmission system coinciding with the observance of the Vigilance Awareness Week 2013. The theme of the programme was “Promoting Good Governance - Positive Contribution of Vigilance”.

(p. 28):
Board Committees:
‘(i) Audit Committee:

The Audit Committee complies with the terms of reference as enumerated under the applicable provisions of the Companies Act, Listing Agreement, DPE Guidelines on Corporate Governance as amended from time to time and also complies with the directives of the Board of Directors, Department of Defence Production, Central Vigilance Commission, etc.

The Audit Committee met eight times on 28.05.2013, 25.07.2013, 08.08.2013, 12.09.2013, 07.11.2013, 21.01.2014, 03.02.2014 and 21.03.2014. In terms of Clause 49(I)(B) of the Listing Agreement and Para 4.4 of the DPE Guidelines on Corporate Governance, the requirements on number and frequency of meetings were complied with in full.’


Annual Report (2012-2013), p.19:

‘An Annual Inspection Plan of the Regional/District Offices of Marketing division of BEML was drawn up. A team of three Vigilance Officers from different divisions with diverse background are conducting the Inspection according to the Plan.’

Company website:

‘Vigilance

About Us:

- The Vigilance Department in BEML Limited is headed by the Chief Vigilance Officer (CVO), deputed by the Central Vigilance Commission (CVC), New Delhi.
- The Vigilance Department of BEML Ltd. has the following ‘Corporate Vigilance Vision’.
  - Preventive over Punitive Actions
  - To enforce meaningful, workable and objective Systems / Procedures to:
    - Develop Trust and Transparency in all Transactions
    - Prevent leakage of revenue
    - Promote pride and self-esteem of the Organization
  - Time bound action in all spheres of activities’

http://www.bemlindia.com/vigaboutus.php

Annual Report (2011-2012), p. 12:

‘VIGILANCE

The Company has an independent Vigilance Department headed by a full-time Chief Vigilance Officer. Following the dictum, ‘there cannot be Management without Vigilance’, the Chief Vigilance Officer provides aid and advice to the Company on all vigilance matters. The units of the vigilance department, namely, Investigation Wing, Disciplinary Wing, Anti-Corruption Wing, Preventive Vigilance Wing and Technical Wing deal with various facets of vigilance mechanism.

Several initiatives were taken in the process of creating awareness, sensitisation, and ensuring accountability, probity, and transparency within the overarching vigilance functions of punitive, preventive and surveillance and detection. As part of the observance
of the Vigilance Awareness Week 2011 and in sync with the theme ‘Participative Vigilance’ a unique journal ‘VIGKIRAN’, which included a compact disc containing a compendium of essential guidelines and directives of the Central Vigilance Commission (CVC), Department of Public Enterprises, Ministry of Defence, Ministry of Corporate Affairs, SEBI and BEML for the engagement and empowerment of all the stakeholders, was released for circulation.’


CVC website:
‘Role and functions of Chief Vigilance Officers

Even though detection and punishment of corruption and other malpractices are certainly important, what is more important is taking preventive measures instead of hunting for the guilty in the post corruption stage. Therefore, the role and functions of CVOs has been broadly divided in to two parts, which are (I) Preventive and (II) Punitive.

On the preventive side

The CVOs undertake various measures, which include:

(a) To examine in detail the existing Rules and procedures of the Organisation with a view to eliminate or minimise the scope for corruption or malpractices;

(b) To identify the sensitive/corruption prone spots in the Organisation and keep an eye on personnel posted in such areas;

(c) To plan and enforce surprise inspections and regular inspections to detect the system failures and existence of corruption or malpractices;

(d) To maintain proper surveillance on officers of doubtful integrity; and

(e) To ensure prompt observance of Conduct Rules relating to integrity of the Officers, like

(i) The Annual Property Returns;

(ii) Gifts accepted by the officials

(iii) Benami transactions

(iv) Regarding relatives employed in private firms or doing private business etc.
On the punitive side:

(i) To ensure speedy processing of vigilance cases at all stages. In regard to cases requiring consultation with the Central Vigilance Commission, a decision as to whether the case had a vigilance angle shall in every case be taken by the CVO who, when in doubt, may refer the matter to his administrative head, i.e. Secretary in the case of Ministries/Departments and Chief Executive in the case of public sector organisations;

(ii) To ensure that charge-sheet, statement of imputations, lists of witness and documents etc. are carefully prepared and copies of all the documents relied upon and the statements of witnesses cited on behalf of the disciplinary authority are supplied wherever possible to the accused officer alongwith the charge-sheet;

(iii) To ensure that all documents required to be forwarded to the Inquiring Officer are carefully sorted out and sent promptly;

(iv) To ensure that there is no delay in the appointment of the Inquiring Officer, and that no dilatory tactics are adopted by the accused officer or the Presenting Officer;

(v) To ensure that the processing of the Inquiry Officer's Reports for final orders of the Disciplinary Authority is done properly and quickly;

(vi) To scrutinise final orders passed by the Disciplinary Authorities subordinate to the Ministry/Department, with a view to see whether a case for review is made out or not;

(vii) To see that proper assistance is given to the C.B.I. in the investigation of cases entrusted to them or started by them on their own source of information;

(viii) To take proper and adequate action with regard to writ petitions filed by accused officers;

(ix) To ensure that the Central Vigilance Commission is consulted at all stages where it is to be consulted and that as far as possible, the time limits prescribed in the Vigilance Manual for various stages are adhered to;

(x) To ensure prompt submission of returns to the Commission;

(xi) To review from time to time the existing arrangements for vigilance work in the Ministry/Department for vigilance work subordinate officers to see if they are adequate to ensure expeditious and effective disposal of vigilance work;
(xii) To ensure that the competent disciplinary authorities do not adopt a dilatory or law attitude in processing vigilance cases, thus knowingly otherwise helping the subject public servants, particularly in cases of officers due to retire;

(xiii) To ensure that cases against the public servants on the verge of retirement do not lapse due to time-limit for reasons such as misplacement of files etc. and that the orders passed in the cases of retiring officers are implemented in time; and

(xiv) To ensure that the period from the date of serving a charge-sheet in a disciplinary case to the submission of the report of the Inquiry Officer, should, ordinarily, not exceed six months.'

http://www.cvc.nic.in/rnfcvo.htm
A8(a):

Is there a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified?

Score:

0

Comments:

Based on public information, there is no readily available evidence of a formal, clear, written plan in place on which the review of the ethics and anti-corruption agenda by the Board or senior management is based, and evidence of improvement plans being implemented when issues are identified.

References:

Public:
NA
A9:
Does the company have a formal process for review and where appropriate update its policies and practices in response to actual or alleged instances of corruption?

Score:
2

Comments:
Based on public information, there is evidence that the company has a formal process for review and where appropriate updates its policies and practices in response to actual or alleged instances of corruption. Following a complaint, risks in the system are identified and corrective measures recommended, and as a result in the past several system-wide improvements have been implemented.

References:
Public:
Annual Report (2012-2013), p.18:
‘A risk based approach to complaint resolution has been adopted whereby after resolving complaints, risks in the system are identified and corrective measures recommended reducing the scope for corruption. Accordingly, several system improvement recommendations were made and implemented.’
A9(a):
Does the company have a formal anti-corruption risk assessment procedure implemented enterprise-wide?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure implemented enterprise-wide.

References:
Public:
NA
A10:
Does the company have a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a formal anti-corruption risk assessment procedure for assessing proposed business decisions, with clear requirements on the circumstances under which such a procedure should be applied.

References:
Public:
NA
A11:
Does the company conduct due diligence that minimises corruption risk when selecting or reappointing its agents?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting or reappointing agents.

References:
Public:
NA
A12:
Does the company have contractual rights and processes for the behaviour, monitoring, control, and audit of agents with respect to countering corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has contractual rights and processes for the behaviour, monitoring, control and audit of agents with respect to countering corruption.

References:
Public:
TI notes:
Purchase Manual, p. 140:
‘GUIDELINES FOR INDIAN AGENTS OF FOREIGN SUPPLIERS
1.0 There shall be compulsory registration of agents for all Global (Open) Tender and Limited Tender.
An agent who is not registered with BEML LTD shall apply for registration in the prescribed Application-Form available on www.bemlindia.com.

1.1 Registered agents will file an authenticated Photostat copy duly attested by a Notary Public/Original certificate of the principal confirming the agency agreement and giving the status being enjoyed by the agent and the commission/remuneration/salary/ retainer ship being paid by the principal to the agent before the placement of order by BEML LTD.

1.2 Wherever the Indian representatives have communicated on behalf of their principals and the foreign parties have stated that they are not paying any commission to the Indian agents, and the Indian representative is working on the basis of salary or as retainer, a written declaration to this effect should be submitted by the party (i.e. Principal) before finalizing the order.

2.0 DISCLOSURE OF PARTICULARS OF AGENTS/ REPRESENTATIVES IN INDIA, IF ANY:
2.1 Tenderers of Foreign nationality shall furnish the following details in their offer:
2.1.1 The name and address of the agents/representatives in India, if any and the extent of authorization and authority given to commit the Principals. In case the agent/representative be a foreign Company, it shall be confirmed whether it is real substantial Company and details of the same shall be furnished.

2.1.2 The amount of commission/remuneration included in the quoted price(s) for such agents/representatives in India.

2.1.3 Confirmation of the Tenderer that the commission/ remuneration if any, payable to his agents/representatives in India, may be paid by BEML LTD in Indian Rupees only.

2.2 Tenderers of Indian Nationality shall furnish the following details in their offers:
2.2.1 The name and address of the foreign principals indicating their nationality as well as their status, i.e, whether manufacturer or agents of manufacturer holding the Letter of Authority of the Principal specifically authorizing the agent to make an offer in India in response to tender either directly or through the agents/representatives.
2.2.2 The amount of commission/remuneration included in the price(s) quoted by the Tenderer for himself.’

A13:
Does the company make clear to contractors, sub-contractors, and suppliers, through policy and contractual terms, its stance on bribery and corruption and the consequences of breaches to this stance?

Score:

2

Comments:
Based on public information, there is evidence that contractors must commit themselves to taking all necessary measures to prevent corruption. If a contractor commits a violation of the Integrity Pact, before or after commencement of the contract, the company is able to disqualify them from the tender process or face sanctions under ‘Guidelines on Banning of business dealings’.

References:
Public:
Purchase Manual, pp. 81-82:
‘16.2.6 Ground on which Banning of Business Dealings can be initiated
16.2.6.3 If there is strong justification for believing that the Directors, Proprietors, Partners, owner of the Agency have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolations, etc.
16.2.6.5 If the Agency employs a public servant dismissed / removed or employs a person convicted for an offence involving corruption or abetment of such offence.
16.2.6.6 If business dealings with the Agency have been banned by the Govt, or any other public sector enterprise.
16.2.6.7 If the Agency has resorted to Corrupt, fraudulent practices including misrepresentation of facts and / or fudging /forging /tampering of documents;
16.2.6.8 If the Agency uses intimidation / threatening or brings undue outside pressure on the Company (BEML LTD) or its official in acceptance / performances of the job under the contract.
16.2.6.9 If the Agency indulges in repeated and / or deliberate use of delay tactics in complying with contractual stipulations.’

(p.111):

BHARAT EARTH MOVERS LIMITED (BEML) 17/05/14
WWW.BEMLINDIA.COM
'28. Integrity Pact: The Integrity Pact envisages an agreement between the prospective vendor/bidder and the buyer committing the persons/officials of both the parties not to exercise any corrupt influence on any aspect of the contract. Only those vendors/bidders who have entered into such an Integrity Pact with the buyer (BEML) would be competent to participate in bidding with BEML wherever the value of each contract is equal to or more than Rs. 2 Crores.

This Pact is a preliminary qualification for entering into any contract with BEML. The Pact will be effective from the stage of Invitation of Bids till the complete execution of the Contract.

The Central Vigilance Commission (CVC) will approve an Independent External Monitors (IEM) to oversee the implementation of the Integrity Pact.

Integrity Pact agreement format enclosed at Annexure J.’

(p. 135 onwards): Integrity Manual

Integrity Pact, date unknown, p.2:

‘The The Bidder(s)/ Contractor(s) commit themselves 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(s)/ Contractor(s) 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 other 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.’

P3: ‘If the Bidder(s)/Contractor(s), before award or during execution has committed a transgression through a violation of Section 2, above or any other form such as to put his reliability or creditability in question, the Principal is entitled to disqualify the Bidder(s)/Contractor(s) from the tender process or take action as per the procedure mentioned in the “Guidelines on Banning of business dealings”. Copy of the “Guidelines on Banning of business dealings” is placed at Annexure 2.’

‘Section 5 – Previous Transgression

(1) The Bidders declares that no previous transgressions occurred in the last three years with any other Company in any country conforming to the anti corruption approach or with any other Public Sector Enterprises in India that could justify his exclusion from the tender process.

(2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken as per the procedure mentioned in “Guidelines on Banning of business dealings”.’

(p.4): ‘Section 8 – Independent External Monitor / Monitors
(1) The Principal appoints competent and credible Independent External Monitor for this Pact. 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. It will be obligatory for him to treat the information and documents of the Bidders/Contractors as confidential. He reports to the CMD, BEML.

(3) The Bidder(s)/Contractor(s) 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 Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s)/Contractor(s)/Subcontractor(s) with confidentiality.'

(p.12): Reason for banning business dealings: 'If there is strong justification for believing that the Directors, Proprietors, Partners, owner of the Agency have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolations, etc.'

‘If the Agency has resorted to Corrupt, fraudulent practices including misrepresentation of facts and / or fudging /forging /tampering of documents’
A13(a):
Does the company explicitly address the corruption risks associated with offset contracting?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company explicitly addresses the corruption risks associated with offset contracting.

References:
Public:
TI notes:
CSM Software & BEML Limited Sign Strategic MoU To Target Aerospace Offset Market Globally, 2009: ‘We are extremely pleased with our agreement with CSM Software and the compelling value we can deliver together to our customers including defence offset business.’
A13(b):
Does the company conduct due diligence that minimises corruption risk when selecting its offset partners and offset brokers?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company conducts due diligence that minimises corruption risk when selecting its offset partners and offset brokers.

References:
Public:
TI notes:
CSM Software & BEML Limited Sign Strategic MoU To Target Aerospace Offset Market Globally, 2009: ‘We are extremely pleased with our agreement with CSM Software and the compelling value we can deliver together to our customers including defence offset business.’
A15:
Does the company have an anti-corruption policy that prohibits corruption in its various forms?

Score:

1

Comments:
Based on public information, there is some evidence that the company has a policy that prohibits corruption. However, it is not a clear statement and is not explicit on all the forms that such corruption might take. The company therefore scores 1.

References:
Public:
Vigilance Awareness Week (2013), VIG Karan 3:
Containing the various definitions and legislative framework of corruption internationally and nationally, with general guidelines and information about corrupt activities, risk management with case studies provided by the Vigilance Department at BEML
The OECD, UNCAC framework, main issues surrounding corruption worldwide.
It is not clear how it applies within the company

Vigilance Angle:
‘Vigilance angle is obvious in the following acts: - (i) Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official. (ii) Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has or likely to have official dealings or his subordinates have official dealings or where he can exert influence. (iii) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant. (iv) Possession of assets disproportionate to his known sources of income. (v) Cases of misappropriation, forgery or cheating or other similar criminal offences’

Company website, Vigilance, About Us:
The Vigilance Department in BEML Limited is headed by the Chief Vigilance Officer (CVO), deputed by the Central Vigilance Commission (CVC), New Delhi.

The Vigilance Department of BEML Ltd. has the following ‘Corporate Vigilance Vision’.

Preventive over Punitive Actions
To enforce meaningful, workable and objective Systems / Procedures to:
Develop Trust and Transparency in all Transactions
Prevent leakage of revenue
Promote pride and self-esteem of the Organization
Time bound action in all spheres of activities’

http://www.bemlindia.com/vigaboutus.php

Code of Conduct for Directors and Senior Management, p.1:
‘3. Not allow personal interest to conflict with the interest of the Company or to come in the way of discharge of duties of office.’

(p.2): ‘8. Use company property only for official purposes and for no personal gain. Not accept any personal gratification from suppliers / service providers / business partners, etc. (Note: Personal gratification will not include normal entertainment and gifts of no significant value.)’

Purchase Manual, p.111:
‘Integrity Pact: The Integrity Pact envisages an agreement between the prospective vendor/bidder and the buyer committing the persons/officials of both the parties not to exercise any corrupt influence on any aspect of the contract.’

(p.135): ‘BEML Limited (BEML) hereinafter referred to as “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 self or third person, any material or immaterial benefit which the person is not legally entitled to.’

A16:

Is the anti-corruption policy explicitly one of zero tolerance?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company has a zero tolerance anti-corruption policy.

References:

Public:
NA
A17:
Is the company's anti-corruption policy easily accessible to Board members, employees, contracted staff and any other organisations acting with or on behalf of the company?

Score:

1

Comments:
Based on public information, there is evidence that the company’s ethics and anti-corruption policies are easily accessible to Board members and senior management. However, there is no evidence that such policies are easily accessible for other employees or third parties. The company therefore scores 1.

References:
Public:
Code of Conduct for Directors and Senior Management:

Company website, Vigilance:
http://www.bemlindia.com/vigilance.php

IG Karan, Journal:
Containing the various definitions and legislative framework of corruption internationally and nationally, with general guidelines and information about corrupt activities, risk management with case studies provided by the Vigilance Department at BELM
A17(a):

Is the company’s anti-corruption policy easily understandable and clear to Board members, employees and third parties?

Score:

0

Comments:

Based on public information, there is no readily available evidence that the company’s anti-corruption policy is easily understandable and clear to Board members, employees and third parties.

References:

Public:
TI notes:
Code of Conduct for Directors and Senior Management:
A18:

Does the anti-corruption policy explicitly apply to all employees and members of the Board?

Score:

1

Comments:

Based on public information, there is evidence of a Code of Conduct for Directors and Senior Managers. However, there is no evidence of a policy targeted at all employees. The company therefore scores 1.

References:

Public:
Code of Conduct for Directors and Senior Management, p.1:
‘I. INTRODUCTION
This code of conduct for Officers (the term officers include Board Members and Senior Management (i.e., one level below the executive directors) (the “Code”) helps maintain the standards of business conduct for BEML Limited (the “Company”) and ensures compliance with legal requirements. The purpose of the code is to deter wrongdoing and promote ethical conduct.
The matters covered in this code are essential so that we can conduct our business in accordance with our stated values.
Ethical business conduct is critical to our business. Accordingly, officers are expected to read and understand this code, uphold these standards in day-to-day activities, and comply with all applicable laws, rules and regulations, all applicable policies and procedures adopted by the Company that govern the conduct of its employees.
This code is in addition to the Rules & Regulations of Service and Conduct applicable to Managerial & Superintending Staff of the Company. This code of conduct shall be posted on the website of the company.
II. APPLICABILITY
The code is applicable to the following persons, referred to as “Officers”:
Chairman & Managing Director
All Directors
All Executive Directors
All Chief General Managers

Nothing in this code, in any company policies and procedures, or in other related communications (verbal or written), creates or implies an employment contract or term of employment.

Officers should sign the acknowledgement form at the end of this Code and return the form to the HR Department indicating that they have received, read and understood, and agree to comply with the Code. The signed acknowledgement form will be located in the respective Officers personnel files. Each year, as part of their annual review, officers will be asked to sign an acknowledgement indicating their continued understanding of the Code. The annual report of the company shall contain a declaration to this effect signed by the CEO.'

A20:

Does the company have a policy on potential conflicts of interest, and does it apply to both employees and board members?

Score:

1

Comments:

Based on public information, there is evidence that the company has a minimal policy on potential conflicts of interest for directors and senior management. The company therefore scores 1. To score higher the company would need to provide evidence of a policy on potential conflicts of interest that applies to both employees and Board members, which clearly defines a conflict of interest and provides examples.

References:

Public:
Annual Report (2012-2013), p.32:
‘Your Company has a Code of Conduct for its senior management personnel, i.e., Directors, Executive Directors and Chief General Managers, which is available on the Company’s official website. Your Company has also in place a Policy on Code of Conduct for Prevention of Insider Trading.’

(p.34): ‘Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49(I)(D) and DPE Guidelines on Corporate Governance. The Code of Conduct has been posted on the Company’s website www.bemlindia.com. Senior management personnel, i.e., Directors, Executive Directors and Chief General Managers have affirmed compliance with the Code of Conduct during the year 2012-13.’

Code of Conduct for Directors and Senior Management, unknown date, p.1:
‘Not allow personal interest to conflict with the interest of the Company or to come in the way of discharge of duties of office’
A21:
Does the company have a policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery?

Score:
0

Comments:
Based on public information, there is no readily available evidence of a company policy for the giving and receipt of gifts to ensure that such transactions are bona fide and not a subterfuge for bribery.

References:
Public:
NA
A22:
Does the company’s anti-corruption policy include a statement on the giving and receipt of hospitality that ensures that such transactions are bona fide and not a subterfuge for bribery?

Score:

0

Comments:
Based on public information, there is no readily available evidence of a company policy for the giving and receipt of hospitality to ensure that such transactions are bona fide and not a subterfuge for bribery.

References:
Public:
NA
A23:
Does the company have a policy that explicitly prohibits facilitation payments?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a policy that explicitly prohibits facilitation payments.

References:
Public:
NA
A24:
Does the company prohibit political contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?
Does the company record and publicly disclose all political contributions?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company prohibits political contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public:
TI notes:
BEML HR Handbook:

5. Political activities
Keeping in view the status of BEML viz., being a Public Sector Undertaking wherein majority of the shareholding is held by the Government of India, the employees of BEML are prohibited from indulging in any political activities like canvassing, contesting for elections, etc.

A25:
Does the company have a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, and discloses the issues on which the company lobbies?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has a clear policy on engagement in lobbying activities, in order to prevent undue influence or other corrupt intent, or discloses the issues on which the company lobbies.

References:
Public:
NA
A25(a):
Does the company prohibit charitable contributions, or regulate such contributions in order to prevent undue influence or other corrupt intent?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company prohibits charitable contributions, or regulates such contributions in order to prevent undue influence or other corrupt intent.

References:
Public:
NA
A26:

Does the company provide written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda?

Score:

1

Comments:

Based on public information, there is evidence that the company provides some written guidance to help Board members and employees understand and implement the firm’s ethics and anti-corruption agenda. The company therefore scores 1. To score higher the company would need to show that it provides additional guidance that is suitably illustrated.

References:

Public:
VIG Karan, Journal:
Containing the various definitions and legislative framework of corruption internationally and nationally, with general guidelines and information about corrupt activities, risk management with case studies provided by the Vigilance Department at BEML.
A27:
Does the company have a training programme that explicitly covers anti-corruption?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has a training programme that explicitly covers anti-corruption.

References:
Public:
NA
A28:
Is anti-corruption training provided in all countries where the company operates or has company sites?

Score:

0

Comments:
Based on public information, there is no readily available evidence that anti-corruption training is provided in all countries where the company operates or has company sites.

References:

Public:
NA
A29:
Does the company provide targeted anti-corruption training to members of the Board?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company provides targeted anti-corruption training to members of the Board.

References:
Public:
TI notes:
Annual Report (2012-2013), p.45:
‘Training to Board Members: The new Board members are provided with the necessary documents, brochures and reports to enable them to familiarize with the Company’s business model, procedures and practices. Further, as per the DPE Guidelines on Corporate Governance, a policy for training of new Board members has been formulated. Accordingly, the Board members are nominated for various outside training programmes from time to time.’
A30:
Does the company provide tailored ethics and anti-corruption training for employees in sensitive positions?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company provides tailored ethics and anti-corruption training for employees in sensitive positions.

References:
Public:
NA
A31: Does the company have a clear and formal process by which employees declare conflicts of interest?

Score: 0

Comments: Based on public information, there is no readily available evidence that the company has a clear and formal process by which employees declare conflicts of interest.

References:

Public: NA
A32: Is the company explicit in its commitment to apply disciplinary procedures to employees, Directors and Board members found to have engaged in corrupt activities?

Score: 1

Comments: Based on public information, there is evidence that the company will apply disciplinary procedures to Directors and Board members, found to have violated the Code of Conduct for Directors and Senior Management. The company therefore scores 1. To score higher the company would need to indicate that disciplinary procedures also apply to all employees.

References:

Public:

Code of Conduct for Directors and Senior Management, unknown date, p.3:

‘The company will take appropriate disciplinary action against any officer whose actions are found to violate the code or any other policy of the company. Where the company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the company will cooperate fully with the appropriate authorities’

(p.1) ‘The code is applicable to the following persons, referred to as “Officers”:’

Chairman & Managing Director
All Directors
All Executive Directors
All Chief General Managers’
A33:
Does the company have multiple, well-publicised channels that are easily accessible and secure, to guarantee confidentiality or anonymity where requested by the employee (e.g. web, phone, in person), to report concerns or instances of suspected corrupt activity?

Score:

1

Comments:
Based on public information, there is evidence that employees can report concerns or instances of suspected corrupt activity using multiple, well-publicised channels. Employees can send reports to the Chief Vigilance Officer, with the contact details available on the company website, or use Drop Boxes located at various locations around the company. As a Public Sector Enterprise, employees can also report concerns to the Central Vigilance Commission. However, it is not clear that any of the available channels guarantee anonymity when required. The company therefore scores 1.

References:

Public:
Annual Report (2012-2013), p.45:
‘Whistle Blower Policy: "Drop Boxes" have been kept at various places in the Company, wherein employees and others could report to the Vigilance Branch, concerns, if any, about unethical behavior, actual or suspected fraud, etc., and the complaints so lodged are reviewed by Vigilance Department and necessary action as deemed fit is taken, while protecting the identity of the complainants periodically’

‘The Public Interest Disclosure & Protection of Informers Resolution (PIDPIR) 2004, where in CVC is the designated authority to handle the “Whistle blower” complaints and provide protection to the “Whistle blowers”, has been uploaded on the BEML website www.bemlindia.nic.in with a link to the Vigilance portal for wider publicity and to encourage public and employees to come forward and lodge/report information of corrupt practices.’

Company Website, Vigilance:
‘Complaint Policy / Procedure:

- BEML Limited does not entertain anonymous / pseudonymous complaints.
- Proper name, address and contact phone number(s) has to be provided while making a compliant. Otherwise, no action will be taken.
- The Compliants should have Vigilance Angle.
- The Complaints must be brief, specific and should contain factual details / verifiable facts. If possible, documentary evidence could also be furnished along with the compliants.
- All complaints relating to corruption, lack of integrity / fairness / transparency in dealing with BEML Limited (which necessarily have vigilance angle) have to be made in writing to–
  
  Chief Vigilance Officer
  BEML Limited,
  BEML Soudha,
  23/1, 4th Main,
  SR Nagar,
  Bangalore - 560 027.
  Fax No: 080-22963277

- Complaints can also be lodged online on this portal through the Vigilance Complaint Form.
- The complaints will be acknowledged with a duly assigned number. Based on the merit of the complaints, further course of action will be taken as per the complaint policy. Nevertheless, the status of the complaints can be viewed at this portal through Complaint Status.
- No further complaint(s) / correspondence(s) shall be entertained on the same subject unless the complainant wishes to provide some fresh facts / evidences.
- Time Limit for conducting investigation of complaints is as per the Guidelines of CVC.
- In case it is found that the complaints were false and lodged with a view to harass the public servants, stern action may be taken against such complainants in accordance with the law of the land.’

http://www.bemlindia.com/vigpolicy.php

Company Website, Vigilance, Contact Us:
‘Chief Vigilance Officer, BEML Limited
080 – 22223066
080 – 22963277
BEML Soudha, 23/1, 4th Main, SR Nagar, Bangalore – 560 027.’

http://www.bemlindia.com/vigcontactus.php

Whistle Blower Complaints, unknown date, p.1:
‘If a complainant while exposing a case of corruption wants his identity to be kept secret, he/she should lodge a complaint under Public Interest Disclosure and Protection of Informers Resolution (PIDPIR) – popularly known as Whistle Blower Provision. The Central
Vigilance Commission (CVC) is mandated not only to maintain the secrecy of the complainant’s identity but also provide protection to the complainant against any physical threat, harassment or victimization.’

(p.2): ‘The Commission will ascertain the identity of the complainant; if the complaint is anonymous, it shall not take any action in the matter’

(p.3): ‘How to lodge a “Whistle Blower” Complaint?

i) The complaint should be in a closed/secured envelope.

ii) The envelope should be addressed to Secretary, Central Vigilance Commission and should be superscribed “Complaint under The Public Interest Disclosure”. If the envelope is not superscribed and closed, it will not be possible for the Commission to protect the complainant under the above resolution and the complaint will be dealt with as per the normal complaint policy of the Commission. The complainant should give his/her name and address in the beginning or end of the complaint or in an attached letter.

iii) Commission will not entertain anonymous/pseudonymous complaints.

iv) The text of the complaint should be carefully drafted so as not to given any details or clue as to his/her identity. However, the details of the complaint should be specific and verifiable.

v) In order to protect identity of the person, the Commission will not issue any acknowledgement and the whistle-blowers are advised not to enter into any further correspondence with the Commission in their own interest. The Commission assures that, subject to the facts of the case being verifiable, it will take the necessary action, as provided under the Government of India Resolution mentioned above. If any further clarification is required, the Commission will get in touch with the complainant.

The Commission can also take action against complainants making motivated/vexatious complaints under this Resolution.

A copy of detailed notification is available on the web-site of the Commission http://www.cvc.nic.in

FAQ www.cvc.nic.in/faq.pdf

Project Vigeye:
‘Project VIGEYE (Vigilance Eye) is a citizen-centric initiative, wherein citizens join hands with the Central Vigilance Commission in fighting corruption. It is a platform through which vigilance information flows freely from common public to the commission, making it possible to provide easy access for sending sensitive information in complaints quickly’

http://www.bemlindia.com/documents/Vigilance/Project_VIGEYE.pdf
A33(a):

Are the whistleblowing channels available to all employees in all geographies?

Score:

2

Comments:

Based on public information, there is evidence that whistleblowing channels are available to all employees, in all geographies. Employees may write to the Chief Vigilance Officer, specific vigilance branches or to the Central Vigilance Commission.

References:

Public:
Company Website, Vigilance:
‘Complaint Policy / Procedure:

- BEML Limited does not entertain anonymous / pseudonymous complaints.
- Proper name, address and contact phone number(s) has to be provided while making a compliant. Otherwise, no action will be taken.
- The Complaints should have Vigilance Angle.
- The Complaints must be brief, specific and should contain factual details / verifiable facts. If possible, documentary evidence could also be furnished along with the complaints.
- All complaints relating to corruption, lack of integrity / fairness / transparency in dealing with BEML Limited (which necessarily have vigilance angle) have to be made in writing to–
  - Chief Vigilance Officer
  - BEML Limited,
  - BEML Soudha,
  - 23/1, 4th Main,
  - SR Nagar,
  - Bangalore - 560 027.
  - Fax No: 080-22963277
- Complaints can also be lodged online on this portal through the Vigilance Complaint Form.
The complaints will be acknowledged with a duly assigned number. Based on the merit of the complaints, further course of action will be taken as per the complaint policy. Nevertheless, the status of the complaints can be viewed at this portal through Complaint Status.

No further complaint(s) / correspondence(s) shall be entertained on the same subject unless the complainant wishes to provide some fresh facts / evidences.

Time Limit for conducting investigation of complaints is as per the Guidelines of CVC.

In case it is found that the complaints were false and lodged with a view to harass the public servants, stern action may be taken against such complainants in accordance with the law of the land.’

http://www.bemlindia.com/vigpolicy.php

Project Vigeye:

‘Project VIGEYE (Vigilance Eye) is a citizen-centric initiative, wherein citizens join hands with the Central Vigilance Commission in fighting corruption. It is a platform through which vigilance information flows freely from common public to the commission, making it possible to provide easy access for sending sensitive information in complaints quickly’

http://www.bemlindia.com/documents/Vigilance/Project_VIGEYE.pdf
A33(b):
Does the company have formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, and that whistleblowers are treated supportively?

Score:

0

Comments:
Based on public information, there is no readily available evidence that the company has formal and comprehensive mechanisms to assure itself that whistleblowing by employees is not deterred, or that whistleblowers are treated supportively.

References:
Public:
NA
A34:
Does the company have well-publicised resources available to all employees where help and advice can be sought on corruption-related issues?

Score:
0

Comments:
Based on public information, there is no readily available evidence that the company has well-publicised resources available to all employees where help and advice can be sought on corruption-related issues. It is unclear if employees can contact the Chief Vigilance Office for help and advice on corruption-related issues, rather than solely reporting corruption concerns.

References:
Public:

TI notes:
‘The Public Interest Disclosure & Protection of Informers Resolution (PIDPIR) 2004, where in CVC is the designated authority to handle the “Whistle blower” complaints and provide protection to the “Whistle blowers”, has been uploaded on the BEML website www.bemlindia.nic.in with a link to the Vigilance portal for wider publicity and to encourage public and employees to come forward and lodge/report information of corrupt practices.’

Company Website, Vigilance:
‘Complaint Policy / Procedure:
- BEML Limited does not entertain anonymous / pseudonymous complaints.
- Proper name, address and contact phone number(s) has to be provided while making a compliant. Otherwise, no action will be taken.
- The Compliants should have Vigilance Angle.
- The Complaints must be brief, specific and should contain factual details / verifiable facts. If possible, documentary evidence could also be furnished along with the complaints.
- All complaints relating to corruption, lack of integrity / fairness / transparency in dealing with BEML Limited (which necessarily have vigilance angle) have to be made in writing to–
Chief Vigilance Officer
BEML Limited,
BEML Soudha,
23/1, 4th Main,
SR Nagar,
Bangalore - 560 027.
Fax No: 080-22963277

- Complaints can also be lodged online on this portal through the Vigilance Complaint Form.
- The complaints will be acknowledged with a duly assigned number. Based on the merit of the complaints, further course of action will be taken as per the complaint policy. Nevertheless, the status of the complaints can be viewed at this portal through Complaint Status.
- No further complaint(s) / correspondence(s) shall be entertained on the same subject unless the complainant wishes to provide some fresh facts / evidences.
- Time Limit for conducting investigation of complaints is as per the Guidelines of CVC.
- In case it is found that the complaints were false and lodged with a view to harass the public servants, stern action may be taken against such complainants in accordance with the law of the land.’

http://www.bemlindia.com/vigpolicy.php
A35:
Is there a commitment to non-retaliation for bona fide reporting of corruption?

Score:

1

Comments:
Based on public information, there is evidence that the company has a commitment to non-retaliation for bona fide reporting of corruption. The company therefore scores 1. To score higher the company must clearly state that disciplinary measures are applied to all employees who breach this policy.

References:
Public:
Code of Conduct for Directors and Senior Management, unknown date, p.2:
‘Reprisal, threat, retribution or retaliation against any person who has, in good faith, reported a violation or a suspected violation of law, this code or other company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.’
Information Sources:

Company Website:
http://www.bemlindia.com/


Annual Report (2012-2013):


Purchase Manual:

Vigilance Awareness Week (2012), VIG Kiran 2:
http://www.bemlindia.com/documents/Vigilance/VIG_Kiran_Ver.2.pdf

Vigilance Awareness Week (2013), VIG Kiran 3:

Code of Conduct for Directors and Senior Management:

Central Vigilance Commission Website:
http://www.cvc.nic.in/rnfcvo.htm