

Message of Continued Support to Global Compact

Balmer Lawrie's association with the UN Global Compact in India has strengthened over the years. Being the Founding member of Global Compact in India, we supported and participated in the 8th National Convention of Global Compact Network India held on 11th March, 2013 at Kolkata where issues related to Sustainable Development were deliberated upon by stakeholders.

We continue to be deeply committed to the principles of Global Compact and have effectively taken various initiatives and implemented projects to champion the cause. The Communication of Progress for the year 2012-13 captures the efforts put in during the year by the Company to ensure fair & non-discriminative employment practices through various employee engagement initiatives, execution of focused Corporate Social Responsibility (CSR) projects, adoption of green technologies and environment friendly processes.

We believe that one of the key challenges for us will be to successfully map our business sustainability with social and environmental sustainability. In pursuance of this challenge, under the aegis of the Corporate Affairs department, the Company during the year has recruited specialist resource in the areas of CSR & HSE. Further, Integrated Plans have also been drawn up for CSR & Sustainability, to guide us in our journey in these critical areas, in years to come. Our goal is to ultimately integrate social and environmental sustainability into the corporate DNA of the organisation.

Viren Sinha
Chairman & Managing Director

Communication on Progress (CoP) Report – 2012-13

This Report on Communication of Progress (COP) represents our assessment and perspective on the manner in which the principles of Global Compact have been taken forward in our organisation through various initiatives. The accompanying statements attempt to capture the achievements vis-à-vis the principles pursuant to the actions taken during the past, including the year under report, in brief. For more details, please contact the *Corporate Communications* Department at the Company's Head Office or by EMail: corpcomm@balmerlawrie.com

Principles Relating to Human Rights

Principle # 1 & 2: Support and respect the protection of internationally proclaimed human rights / Not be complicit in human right abuses

Balmer Lawrie remains committed to uphold and strives to further the cause of human rights in all aspects of its business and ensures that neither the Company nor any of its business partners indulge in any human rights violation or are complicit in any human rights abuse in any manner. The various actions taken and the status are as under:

- The Company has constituted Committees at Corporate and Regional levels to prevent any possible Sexual Harassment of Women at Workplace and to ensure that the employees are able to work in a positive atmosphere free from physical or psychological threat, abuse or sexual harassment. The committee meets periodically to identify and address issues, if any, that are of concern.
- The Company does not, as a matter of principle, deal with any party with history of human rights abuse.
- The Company consciously works towards the development of the society at large and provides financial support for community development projects. These include programmes aimed at ameliorating the problems of the socially and economically downtrodden and the weaker sections of the society and improve their social & economic status.
- All legal and statutory obligations towards employees, shareholders, clients, customers, associates and the society at large are complied with. Periodic audits are undertaken and reports on compliance are submitted to the Board of the Company. Action Taken Reports (ATR) against Non-Compliance Reports (NCRs) are also reported to and reviewed by the Board.

Principles Relating to Labour

As reported in the previous COPs, Balmer Lawrie recognizes and respects the dignity of labour and strives to ensure that there is total freedom of association and no discrimination whatsoever in matters of employment. The company provides safe and healthy working conditions, pays competitive wages much above the minimum levels and at times best in the industry/region that it operates in, and provides the best of health care and other welfare facilities to its employees. In all matters pertaining to labour, it follows conventions adopted by the International Labour Organisation. Further, it abides by all regulatory provisions governing the employment in the organisation and strives to enhance the quality of work-life of its employees. To be more specific, the present status, including the actions taken, is detailed in the ensuing paragraphs.

Principle # 3: Uphold the freedom of association and effective recognition of the right to collective bargaining

- The Company strongly believes in and supports the employees' right to association. As of now, there are 6 Unions and 2 Associations representing different sections of employees in the Company.
- Settlements on terms and conditions of service of unionized employees are arrived at through the process of collective bargaining. All the commitments made to the collective are implemented in letter and spirit. During the year LTS was signed at CFS, Mumbai and IP, Sewree.



On 6th July, 2012 a Memorandum of Settlement of CFS, Mumbai was signed between the Company and the collectives of workmen, before the Regional Labour Commissioner [Central], Mumbai. The settlement is for a period of 5 years from 1st January, 2010 to 31st December, 2014.

On 24th April, 2012 a Memorandum of Settlement of IP, Sewree was signed between the Company and the collectives of workmen at Mumbai. The settlement is for a period of 5 years from 1st January, 2009 to 31st December, 2013.

Negotiations to conclude long term settlements, where due, are progressing satisfactorily and it is our expectation that the new wage settlements would be signed shortly.

- The Company continues to follow the policy of non-discrimination of bargaining agents based on political affiliation or any other extraneous considerations.

Principle # 4: Elimination of all forms of forced or compulsory labour

- Employment in the Company is on free volition of the employees. No form of forced or bonded labour exists or is allowed.
- Employees are free to terminate the contract of employment by giving notice as stipulated in their appointment letters.
- All forms of employment are governed by Letters of Appointment / Engagement and are subject to acceptance by the prospective employees.

Principle # 5: Abolition of Child Labour

- The Company policy does not permit employment of any person below the age of 18, directly or through contractor, in any of its businesses. To ensure this, the age of all candidates for employment is verified at the time of recruitment and recruitment rules ban employment of persons below 18 years.

Principle # 6: No Discrimination in respect of employment and occupation

- The Company does not practice any form of discrimination or bias in matters related to hiring of employees, their career planning, training and development, promotion, transfers, or on remuneration and perquisites. All sections of employees, including women, are given equal opportunities and the Human Resource Policy is to advance the cause of meritocracy and foster development of employees.
- The Company does not practice any discrimination, in matters relating to recruitment, compensation, promotion, training on the basis of religion, caste, region, political affiliation or sex, excepting positive discrimination in hiring of employees to give effect to constitutional guarantees for socially backward / underprivileged groups like SC / ST / OBC / Minorities / Persons with Disability
- In all recruitments where there are candidates from SC/ST/Minority communities, the Selection Committee has a member from the said community to ensure that the interest of the these communities are safeguarded

Other Employee Focused Transformational Initiatives

Employee Engagement Survey

People continue to be the cornerstone of BL's success. In recognition of this, several HR initiatives directed at upgrading the quality of the human resource and improving their alignment to the Organization were taken up in 2012, under the **BLEND (Balmer Lawrie Engaging in Nurturing & Development)** programme.

As part of this an Employee Engagement & Satisfaction Survey was conducted. More than 95% of Executives & Officers participated in this survey conducted by Deloitte. A Satisfaction score of 71 and an Engagement score of 68 are a tribute to the alignment of people to the organisation. The findings of this Survey along with action plan for further HR initiatives were shared with the participants in Town Hall Meetings held at all major locations of the Company in February & March 2013.



The Top Management in a brainstorming session on the findings of BLESS

BLCOMPASS (BL Competency Assessment)

As a competency development initiative, 155 Managers and 24 HiPo Executives, have undergone competency assessment by Deloitte team of Assessors under the **BLCOMPASS** (BL Competency Assessment) exercise against the newly developed BL Leadership Competency Framework. Individual Development Plans (IDPs) derived from this assessment in respect of all participants are under finalisation and would provide the platform for their future Learning & Development plans in the Company.



Development Centers were conducted by Deloitte for about 150 Executives across various locations of the Company. The photo captures one particular session in progress at Kolkata.

Sustainability Efforts at Building a Safe Earth & Inclusive Society

- **HSE:** In pursuance of the leadership's advocacy for the institutionalization of a proactive HSE (Health, Safety & Environment) culture in the organization, a full-fledged HSE department has been set up at the Corporate Office. Over the year, HSE audits have been conducted at all units across all SBUs. Though a number of improvements have been implemented, many others are in various stages of implementation. Risk assessment on Fire & safety was carried out at Corporate HO & recommendations are under implementation. Work is in progress to develop a Corporate HSE Manual for standardization of safe working practices. Training on Safe Material handling was conducted for CFSs at Kolkata & Chennai. Also, towards institutionalisation, a HSE corner is published in BLOOM every month and features best practices to sensitize people on various aspects of HSE.
- **Environmental Sustainability:** Environmental Sustainability aligned to business is the need of the hour and towards this a long term Sustainability Development Plan was developed for the Company in association with E&Y. The Company plans to focus on Energy Management & promotion of Renewable Energy in the next couple of years. As a part of this, the Company plans to set up solar power facilities at its various units/establishments. Also, employees & stakeholders will be engaged through various workshops, seminars, and a first step has been taken in this direction by organizing SD workshop at all units of the Company in 2012.

Internal Communications

For any initiative to succeed it is important that it is institutionalised and it becomes the DNA integral to very subsistence of the organisation. The starting point of this process of institutionalisation is robust internal communication. Several initiatives have been put in place in recent times to enhance the process of internal communication in the organisation, including:

- **Weekly Media Update:** The e-weekly of compilation of news about/relevant to BL in the media
- **BLOOM:** BL Online Monthly Bulletin of News, Events & Happenings
- **BLOG:** BL Organizational Gazette, the Quarterly House Magazine, which would henceforth focus on a particular theme besides carrying contributions from employees & their family members
- **Town Hall Meetings:** An open house providing a platform to employees to interact with the top leadership.

Principles Relating to Environment

Principle # 7: Environmental Protection

The Company gives highest priority to protect the environment. Towards this end, precautionary measures have been put in place with regard to treatment/discharge of effluents conforming to the standards laid down by the regulatory authorities in all its Plants and Manufacturing Facilities.



- An Effluent Treatment Plant (ETP) was installed and commissioned at the Industrial Packaging unit in Manali. The treated water is being used for gardening, thus reducing the water consumption of the unit.



- The Local Exhaust Ventilation (LEV) system was installed and commissioned at the Industrial Packaging manufacturing unit at Asaoti. The LEV extracts the fumes & solvent vapors thus minimizing impact on the health of the workmen.



- Various Engineering controls like placing Non Return Valves, Automatic level detectors have been implemented in Greases & Lubricants, Kolkata to minimize oil spill thereby reducing soil pollution.

Principle # 8: Promoting greater environmental responsibility



- Towards reducing carbon footprints Energy Audits were carried out at all Greases & Lubricants plants in 2012-13 & the recommendations were implemented; for example installations of Variable Frequency Drives (VFDs).
- Introduction of Low Volatile organic compound paints in the Industrial Packaging unit at Sewree in Mumbai.

Principle #9: Development and diffusion of environmental friendly technologies

- The Company has continued its efforts at technological up-gradations in its manufacturing processes to ensure that adverse impact of our operations in the environment are minimized.
- Our R&D team continuously works to identify raw materials, processes and technologies, which will have minimum impact on the environment. The Application Research Laboratory of the Company has made significant progress in developing a number of biodegradable lubricants like hydraulic fluids, gear oils for high temperature applications for enclosed and open gear boxes, engine oils for 4 stroke gasoline engines etc.

Principles Relating to Ethics & Transparency

Principle # 10: Elimination of corruption in all its forms, including extortion and bribery

1. Transparent policies and systems have been put in place to ensure ethical behaviour of Balmer Lawrie employees, and we expect our employees to behave in conformity with these principles. As a matter of policy, the Company regularly interacts with clients, customers and associates to get their views/suggestions.

2. Issues relating to corruption, dishonesty or unethical behaviour are looked down upon and any instance of such nature is dealt with expeditiously for corrective and preventive action, including disciplinary action against erring employees. There is a vigilance department in the company to deal with such matters in an organized & systematic manner.
3. Balmer Lawrie has institutionalized its "Fraud Prevention Policy". The policy provides for detection, reporting and prevention of fraud, whether committed or suspected. This has been done in pursuance of the Company's motto to nurture a culture of zero tolerance for fraud or fraudulent conduct.
4. Balmer Lawrie has also institutionalised the "Whistle Blower Policy" to develop a culture where it is safe for all employees to raise concerns about any irregular, undesirable or unacceptable practice and any event or incident of misconduct.
5. In order to ensure greater transparency in respect of all procurement actions through tendering, all tenders are now hosted on Company's website. Further, it was decided by the Company in December 2012 that all procurements above Rs 5 lakhs need to be carried out through the e-procurement mode.

Balmer Lawrie supports 8th Global compact Network India, Convention



Balmer Lawrie supported and participated in the 8th Global compact Network India, Convention held on 11th March 2013 at ITC Sonar, Kolkata. Balmer Lawrie was the gold sponsor of the event. In photo is seen Director HR&CA speaking on Human Development and Inclusive Growth.

Corporate Social Responsibility

Balmer Lawrie believes that good financial results are not an end in itself to assess the success of any business; rather it is a mean to achieving higher socio-economic goals. In pursuance of this belief, the Company is committed to conducting its business in a socially responsible manner and be responsive to the needs of the society at large. Accordingly, the Company has been pursuing various CSR initiatives since the last decade or so.

Balmer Lawrie's CSR initiatives are driven by two Flagship Programs - **Balmer Lawrie Initiative for Self Sustenance [BLISS]** and **Samaj Mein Balmer Lawrie [SAMBAL]**. While the first Program is directed at providing & improving the long term economic sustenance of the underprivileged, the second Program aims at improving the living standards and quality of life of population in and around the Company's work-centers.

In pursuance of these Programs, the Company has undertaken several community development projects, partnering with various NGOs with a focus to trigger development at micro-communities and thereby generate the desired developmental impact. The focus areas for the Schemes under the Programs, amongst others, have been on education, healthcare, sanitation, shelter, integrated village development, employment generation, vocational training leading to employability & livelihood, rehabilitation of the destitute, disaster mitigation, and environmental protection. CSR efforts are channelized on the above mentioned thematic focus areas and target groups like children, women, youth, elderly and differently abled people.

Through the various CSR programs, the Company has constantly endeavored to integrate the interest of the business with that of the communities in it operates. In keeping with Department of Public Enterprises [DPE] guidelines on CSR, the Company has formulated a **CSR Policy and Long Term Perspective Plan**. In order to facilitate companywide implementation of our CSR policy and ensure that CSR is embedded across various business units and their operations, a CSR governance structure has been put in place.

A total sum of Rs.302.57 lakhs was spent during the year 2012-13, towards CSR activities, including expenses towards promotion and publicity of the schemes and other related expenses.

The following activities / initiatives were undertaken during the year under report, i.e. FY 2012-13.

i. Education

1. Infrastructural development of the School, Adarsh Vidya Mandir at Dara, in the Jaynagar block of Sundarbans. The Company has continuously provided support for the last three years to improve the condition of the school. The beneficiaries include 2400 students from the catchment area of 10 kilometers. In addition, the company has supported drinking water facility, toilet facility and even the electric wiring in the schools & provision of a lab.



The school building at Dara Adarsh Vidya Mandir sponsored by Balmer Lawrie

2. In pursuance of the right to education Balmer Lawrie gave away scholarships to 75 SC/ST/Physically Challenged students from reputed colleges, in the year 2011-12 for pursuing Engineering Degree/Diploma Courses across the country. An amount of Rs. 40,000 was given to each of the students pursuing degree courses and an amount of Rs. 30,000 was given to each of the students pursuing diploma courses. The initiative continued in year 2012-13 and 65 students qualified for continuing to receive the scholarship in this year according to criteria set for disbursement of scholarship.
3. Balmer Lawrie supported the Comprehensive Integrated Community Development (CEEP) programme of Tomorrow's Foundation for 100 slum children with a focus on education for out-of-school children. The activity project is designed to address the education, health and empowerment related needs of the community. The project mainly caters to children in the age group of 9-16 years through 14 centers in the slums of South and East Kolkata.



CEEP class in Progress

4. Development of Learning Centre i.e. Library including all facilities was constructed for the students of Khadoli Village, Silvassa to keep them abreast of the latest developments and enhance their knowledge and skills.
5. Supported Akshaya Patra to procure kitchen equipment & a van for mid-day meal distribution in schools in New Delhi.

ii. Health

1. Continued support in providing medical care for old & elderly through mobile health units at Chennai in collaboration with the Helpage India, which specializes in Geriatric Care. The health facilities which are being provided at doorstep to the elderly benefit around 12,000 patients who turn up for the health checkup annually.
2. Reduction of infant mortality rate through special clinics, known as Thursday Clinic, organized by Child In Need Institute (CINI) where mothers & children (upto 5 years) (approx. 1033 patients visit the clinic per month) are diagnosed & counseled for their health in order to prevent malnourishment. In the year 2012-2013, provision in the budget was made by the company to counsel pregnant/lactating mothers at household level by the coordinators.



Thursday Clinic sponsored by BL



CINI at Pailan

3. Provision of Sonography machine & Dental chair at Tara, Taloja for Rural people to avail the best health care facilities

iii. Drinking Water & Sanitation

1. Sanitation facilities in the village, Provision of toilets extended to their individual households in Khadoli, Silvassa and in Sunderban, being the top most priority reflected during the need assessment /baseline survey of these areas in 2012-2013.
2. Provision of tube wells in the villages of Sunderban for drinking water i.e. Jaynagar, Patharprathima, Kakdwip & Namkhana.
3. Provision of safe drinking water in schools in Silvassa , by the means of RO plant installed in school , to reduce the incidence of diseases and absenteeism
4. Provision of drinking water by means of tube wells was supported by company in the 04 blocks of Sundarban.

iv. Skill Development

1. Balmer Lawrie in collaboration with IATA Training & Development Institute and Trade-Wings Institute of Management imparted three-month training in travel & tourism to 105 girls from the economically weaker sections in 2012-13. The entire training cost including a stipend of Rs. 3,000 per month for 3 months for each of the trainees amounting to Rs. 39.43 lakhs was borne by Balmer Lawrie. The Company had imparted this training to 104 girls from economically weaker sections across India, during the year 2011-12. The objective was to uphold the right to employment and improve employability of the girl students. This was the first time that IATA associated with a PSU in such a CSR initiative. The training programme was conducted at the IATA approved training centres of Tradewings in the respective cities. After completion of the course, successful candidates received a Diploma in Travel & Tourism Management.



Trainees at Delhi pose with their stipend



Trainees in the Kolkata Centre pose with the Diploma certificate awarded by Trade Wings Institute of Management

2. In Silvassa, vocational training was imparted to youth on different trades with the objective of employability. The trades were selected after taking into account the demand from the market. This would help the youth to be employed as soon as they were trained.

v. Child Sustenance

1. Child care, including family support & education to orphan/destitute children and children with physical & other disabilities. 30 children of SOS Children's Village in Kolkata & Vizag, 30 children of Indian Institute of Cerebral Palsy (IICP) and 25 children of Indian Institute of Handicap & Backward People (IHBP) are being supported.



Children of SOS Village, Vizag sponsored by Balmer Lawrie



Class of IICP sponsored by Balmer Lawrie

2. Maintenance of play facility for physically challenged children at Wadala for the Physically challenged

vi. Promotion of Art & Culture

1. Promotion of classical songs through a Concert "Swaryatra" organized in May 2012 for generating funds for empowerment of women in the Sunderban region.



Swaryatra supported by Balmer Lawrie

vii. Environmental Protection

1. Prakriti Parichay Kendra, a center for developing environment awareness on the safety of natural resources / wildlife sponsored by the Company was inaugurated at Khanvel, Silvassa in April 2013.



Inauguration of Prakriti Parichay Kendra at Khanvel

2. Maintenance of Garden at Wadala, Mumbai for mentally/physically challenged children was done.
3. Supported "Green Guards Awards" organized by an NGO, Jungles at Kolkata.

Awards

In recent times, BL has been recognized for its contribution to CSR activities.

- 2011 - Silver Plate Award from Helpage India
- 2012 - "CSR Corporate Governance Award" from Institute of Public Enterprise (IPE)- Hyderabad

A snap shot of the various activities sponsored or initiatives undertaken by the Company, investments made there on, during the period under report and their alignment to Global Compact Principles are captured hereunder in Table – 1.

Table - 1

Sl. No.	Corporate Objective	Activity	Investments Made [Rs./lakh]	In Pursuance to Global Compact Principle
1	Upheld children's right to education and right to living with dignity creating opportunities	Scholarship to eligible 65 SC/ST/PC Students qualified for receiving scholarship in 2012-2013 for pursuing Undergraduate Engineering Degree/Diploma Courses.	22.80	

2	to explore their potential, and prevent child labour.	Sponsored 2 classes comprising 28 physically challenged (cerebral palsy) students at Indian Institute of Cerebral Palsy (IICP), Kolkata for their education & rehabilitation.	16.00	Principle 1, 2 & 5
3		Electrification and provision of Laboratory, computers in the of existing school building of Dara Adarsha Bidyamandir at Village Dara, Dist. South-24 Parganas, West Bengal.	7.10	
4		Supported 25 physically challenged children of the Institute for the Backward & Handicapped People, Behala, Kolkata, from marginalized/disadvantaged sections, towards their education and rehabilitation.	8.00	
5		Supported 3 Family Homes comprising 30 destitute/ orphaned children of SOS Children Village at Kolkata and Vishakhapatnam for their upbringing, education and rehabilitation.	19.50	
6		The company supported comprehensive Integrated community development programme for 100 childrens with a focus on education of out-of-school children. The activity project is designed to address the education, health and empowerment related needs of the community. The project mainly caters to children in the age group of 9-16 years through 14 centers in the slums of South and East Kolkata.	5.00	
7	Enhance quality of life of the less privileged in the society by	Provided library facilities, 128 no of toilets to the individual household at Khadoli , silvassa	40.44	Principle 1 & 2
8	providing basic infrastructure facilities and better civic amenities.	Provision of deep bore wells for Drinking water and toilets to individual household in sunderaban blocks i.e Jaynagar, pathar pratima , kakdwip&Namkhana	23.35	
		Installation of 10 RO system plant in School & Anganwadi at Sayali for safe drinking water for children	12.00	

9	As also, upheld and protect basic human rights as regards health and right to earn living through supporting empowerment at the grass root level.	Supported Training programme of 105 girls in Travel & Tourism Operations students at Kolkata, Mumbai, Pune and Delhi, in collaboration with International Air Transporters' Association (IATA) and the Tradewings Institute of Management.	39.43	Principle 1, 2, 4 & 6
10		Vocational training programme for youths in Welder/Fitter/ Electrician trades at Khadoli village, Silvassa,	6.00	
	Ensuring that the company is functioning as a responsible corporate citizen by bringing more and better healthcare facilities.	Provision of Sonography machine & Dental chair at Tara, Taloja for Rural people to avail the best health care facilities	8.00	Principle 1 & 2
11		Weekly Thursday Clinic for Mothers & Children (upto 5 yrs) at Pailan, South 24-Parganas, West Bengal Including household visit for counselling.	14.70	
12		Continued support for running of a Mobile Medical Unit for geriatric care along with outdoor treatment facilities for old aged immobilized persons in and around Manali, Chennai.	19.74	
13	Ensure that the company is functioning effectively and responsibly from the environment perspective.	Supported "Green guards Awards" for wildlife conservation	0.30	
		Maintenance of Garden at Wadala, Mumbai for mentally/physically challenged children.	2.35	