

Balmer Lawrie & Co. Ltd.

Communication on Progress (COP) Report – 2004-05

This 1st. Report on Communication on Progress (COP) represents our assessment on how the principles of Global Compact have been progressed through our policy and actions. The statements referred to below briefly describes the current status achieved vis-à-vis the various principles pursuant to the actions taken during the past, including the year under report. For more details, please contact the **Corporate HR Development & Communications** Department at the Company's Head Office or by E-Mail : chrdc@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 is committed to upholding and furthering human rights in all aspects of its business and ensure that neither it by itself or any of its business partners indulge in any human rights violation or are complicit in any human rights abuse in any manner. More specifically, the present status including the actions taken is as under:

- The Company has constituted a Committee on Prevention of Sexual Harassment at Workplace to ensure that the employees are able to work in a positive atmosphere free from physical or psychological threat, abuse or sexual harassment.
- 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. During 2004-05, an extensive HIV/AIDS awareness and prevention programme was undertaken in West Bengal with financial assistance from the Company. All legal and statutory obligations towards employees, shareholders, clients, customers, associates and the society at large are complied with.

Principles Relating to Labour

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 condition, pays competitive wages above the minimum level, and has provision for health care and other welfare measures. 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 of its employees

and strives to enhance their quality of work-life. To be more specific, the present status including the actions taken are as under:

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 7 Unions and 2 Associations representing different sections of employees in the Company.
- Settlements on terms and conditions of service are arrived at through the process of collective bargaining. All the commitments made to the collective are implemented in letter and spirit. During 2004-05, one Long Term Settlement was executed with 2 others under negotiations.
- The Company does not discriminate 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 is allowed.
- Employees are free to terminate the contract of employment by giving a notice.
- All forms of employment are governed by Letters of Appointment / Engagement and are subject to acceptance by the incumbent 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 an incumbent employee is verified at the time of recruitment.

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, 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.
- 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 like SC / ST / OBC and Physically Challenged.

Principles Relating to Environment

Principle # 7 : Environmental Protection

- The Company gives highest priority to protect the environment. Towards this end, the precautionary actions 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.

Principle # 8 : Promoting greater environmental responsibility

- The company has initiated action to reduce power consumption and reduction in generation of waste in all its Manufacturing Units.
- Work has been initiated during the year in the Leather Chemicals and Grease Lubricants Plants at Manali, Chennai for obtaining ISO 14001 certification.
- The Company is contemplating HSE Certification for some of its Manufacturing Units

Principle # 9 : Development and diffusion of environmental friendly technologies

- The Company has introduced a number of technological improvements in its manufacturing processes to ensure that adverse impact of our operations in the environment are minimised. Our R&D team continuously works to identify raw materials, processes and technologies, which will have minimum impact on the environment. We provide a safe and healthy working environment to our employees and communities around us.

Principle Relating to Ethics & Transparency

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

- 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.
- 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.
- In order to ensure greater transparency in all procurement actions of reasonable high value (Rs. 5 lacs & above) tenders are now hosted on Company's web site.