

Message of Continued Support to Global Compact

The global market during the financial year 2013-14 experienced unforeseen stress due to environmental extremes across major western continents. Unexpected phenomena like the Polar Vortex, odd waves across the Atlantic etc. yet again demonstrated the potential disruptive influence of environment on sustainability of businesses.

The UN Global Compact has been encouraging Corporations across the globe to embrace environment sensitive changes. Being the founding member of Global Compact in India and a responsible corporate house, we at Balmer Lawrie have initiated a multipronged approach to integrate sustainability into our core business planning.

The Communication of Progress for the year 2013-14 captures the efforts put in during the year by the Company to ensure execution of focused Sustainable Development and Corporate Social Responsibility (CSR) projects, adoption of green technologies and environment friendly processes. Our commitment towards the shared principles witnessed a new dimension with the implementation of a 'first-of-its-kind' project across the country in the last financial year. This was the distribution of innovative water backpacks, which was a tremendous success. We distributed 20,000 water backpacks to the womenfolk in the desert regions and water stressed zones around the country.

We have set up a new state-of-the-art high throughput plant at Navi Mumbai for barrel manufacturing. This plant is a green plant, powered partially by a 30 KWp solar power unit, and supported by host of other green features designed to reduce overall carbon footprint. We have also installed a 130 KWp Solar Power plant at the Industrial Packaging plant at Asaoti. We have started engaging with grassroots networks around our plants for participatory development of the areas. We are consulting with the gram panchayat to understand the needs of the communities around the new manufacturing units, so that our CSR initiatives can be better aligned with their aspirations.

The challenge remains in uniting the collective energy of the organization in creating shared goals to build sustainable business plans. We will continue to engage with our stakeholders and encourage integration of social and environmental sustainability into the DNA of our business.

Viren Sinha
Chairman & Managing Director

Communication on Progress (CoP) Report – 2013-14

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.
- Recently an initiative has been taken to form a Gender Support Committee to ensure that women employees get a conducive workplace environment and have proper work life balance.

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 a Memorandum of Settlement was signed on 15th May, 2013 at Chennai and a memorandum of Understanding for Chennai and Bengaluru was signed on 1st April, 2013.
- In the previous year 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. 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 in due course.
- 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

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.

- The Industrial Packaging plant at Chittoor was certified under ISO 14001 (2004) in the previous year.
- SBU: Greases & Lubricants at Kolkata adopted technology for spill prevention. Most of the oil storage tanks have been equipped with level sensors to prevent any overflow of tank.
- All the units of SBU: Greases & Lubricants have built secondary containments around the oil storage tanks, to prevent any kind of contamination of ground water with oil.
- Hazardous wastes are being disposed off from our manufacturing units as per the laid down rules of Environment Protection Act 1986.



Storing of Hazardous and Non-Hazardous waste at our Industrial Packaging unit at Manali ensures minimization of soil contamination, proper labelling & bund of the storage area.

Principle # 8: Promoting greater environmental responsibility

- The company has taken various initiatives to reduce power consumption and reduction in generation of waste in all its Manufacturing Units.
- Regular ambient air monitoring is being carried out to confirm that air quality is as per the prescribed norms of EP Act 1986.
- The power & fuel consumption at each of its manufacturing plants are monitored and it is ensured that quantity of usage per unit of output is continuously reduced.



Solar Power Plants at Asaoti (L) and Taloja (R)

- In the financial year 2013-14 we installed & commissioned a combined capacity of 160 KWp of Solar Power plant (130 KWp at the Industrial Packaging plant at Asaoti & 30 KWp at the High Throughput Plant at Taloja). The solar plants at its peak load will be able to generate around 216 MWHr.

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.
- Recently energy efficient welding machines have been installed at our Industrial Packaging units at Silvassa & Asaoti.
- Paints with lower volatile organic compounds (VOC), have been introduced in our Industrial Packaging unit at Sewree.
- 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.

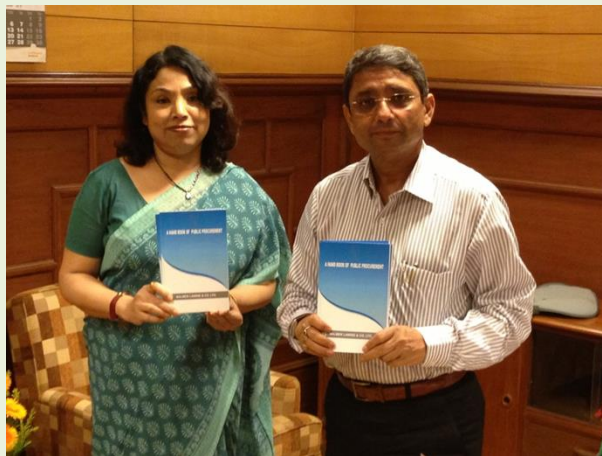
Principles Relating to Ethics & Transparency

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.



6. A Handbook on "Public Procurement" was published by the Vigilance Department in the month of April 2013, with the aim of assisting all Executives in understanding the procurement process well. Seen in photo above is C&MD releasing the Handbook in the presence of then CVO.

Sustainability Efforts

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 was set up at the Corporate Office. Various initiatives are taken for continuous improvement. Some of them are regular HSE audits at all units across all SBUs, trainings / workshops on HSE, Sustainable Development and CSR for employees and other stakeholders, General Planned Inspections at different units on a daily basis etc. The HSE Manual for standardization of safe working practices was developed and has been uploaded on the Corporate website.

In January 2014 specialized training on Identification, Handling, Storage and Emergency Management of Dangerous Goods & Hazardous Material was conducted at CFS, Mumbai. Concerned Executives, Security personnel, Forklift & Reach stacker operators attended the training. This training was first of its kind at Balmer Lawrie and a similar training is being planned for CFS Chennai & Kolkata.



In the previous year we have established a system of notification of any incident within 24 hours & carrying out investigation by a team preferably multi-disciplined within 7 days, and concluding on the root cause to prevent reoccurrence. The findings & recommendations are clearly documented, and shared with larger group as 'lessons learnt'.

World Environment Day was observed with much fervor at various units/establishments of the Company on 5th June 2013. Saplings were planted in various units and establishments as part of our green effort.

The 43rd National Safety Week was observed from 4th to 9th March, 2014 in all units/establishments across locations. The week commenced on 4th March, observed as National Safety Day, with the safety pledge taking ceremony and reading out of C&MD's message. The theme for National Safety Week 2014 was "Integration of OHS (Occupational Health & Safety) in Work Culture and Life Style". In line with the theme, various programs were organized over the week. The programs included extempore, quiz, skit, spot the hazard contest, safety slogan & essay writing and poster competitions. Safety training programs and workshops on handling & storage of dangerous goods, first aid and firefighting, screening of safety films were also organized. The programs were successful in generating awareness on safety in all walks of life, amongst employees. G&L, Silvassa invited local Fire Department Officials to conduct training on Fire Fighting Techniques in the factory premises at Silvassa, on 6th March.

Though a number of improvements have been implemented, many others are in various stages of implementation.

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 has set up solar power facilities at its Industrial Packaging plants at Asaoti and Taloja. Also, employees & stakeholders have been engaged through various workshops, seminars, and training programs.

A total sum of Rs. 147 lakhs was spent during the year 2013-14, towards Sustainability initiatives.

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. 279.27 lakhs was spent during the year 2013-14, 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 2013-14.

i. Education

1. **Scholarship to students pursuing Engineering Diploma/Degree courses** - In pursuance of the right to education Balmer Lawrie gave away scholarships to 65 SC/ST/Physically Challenged students from reputed colleges, in the year 2013-14 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.



Students of IIT – Kharagpur, who received their scholarship

2. In 2013-14 additional two rooms were constructed adjacent to the primary school at Khadoli Village, Silvassa in order to upgrade it a secondary school. Last year development of Learning Centre i.e. Library including all facilities was constructed for the students of Khadoli Village, to keep them abreast of the latest developments and enhance their knowledge and skills.

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.



iii. Drinking Water & Sanitation

1. As part of a noteworthy CSR initiative, Balmer Lawrie distributed 20,000 water backpacks from July to December 2013 for easing the arduous task of fetching water for household purposes from long distances in the desert / water stressed zones of Rajasthan, Gujarat, North East, and Odisha. This would benefit around 20,000 women folk as traditional methods used to carry water causes back pain or spinal disorders. Water Backpack (Pack H2O) is made of flexible polyethylene with a puncture-resistant outer shell and a removable plastic liner that is sanitized by sunlight. The water backpack shifts the weight of the water to the shoulders, relieving the pressure on the head and spine. The water backpack is a healthy and effective alternative for carrying water to buckets and jerry cans.



Mr. Viren Sinha, C&MD hands over the water backpack during the launch at Barmer, Rajasthan



The womenfolk in Barmer carrying water in the innovative water backpacks



Water Backpacks being distributed in the North East and Odisha

iv. Child Sustenance

1. Child care, including family support & education to orphan/destitute children and children with physical & other disabilities. Balmer Lawrie supports three Family Homes at SOS Children's Village – 2 in Kolkata & 1 in Vizag. 30 children of Indian Institute of Cerebral Palsy (IICP) and 25 children of Indian Institute of Handicap & Backward People (IHBP) are being supported.



Two Family homes adopted by Balmer Lawrie at SOS Village in Salt Lake, Kolkata

2. Two classrooms are being sponsored under the "Corporate Leverage and Support Scheme" (CLASS) of Indian Institute of Cerebral Palsy (IICP) for supporting the differently abled, particularly children suffering from cerebral palsy. Balmer Lawrie supported IICP in their fund raising Golf Tournament - "Hope Cup" 2013 and 2014.



A special child at IICP, Kolkata in a classroom sponsored by Balmer Lawrie

v. Promotion of Art & Culture

1. Balmer Lawrie supported an event of SPIC MACAY held in Kolkata as a principal sponsor. SPIC MACAY, established in 1979, is a non-government, on-profit organisation aimed at promoting Indian Classical Music and Culture amongst the Indian youth through Lecture-demonstrations, concerts and workshops, spread over almost whole of India and also abroad.



SPIC MACAY event supported by Balmer Lawrie

Awards

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



- Balmer Lawrie was presented the prestigious "Social Responsibility Award" by the Governor of Tamil Nadu, Dr. K Rosaiah in a special function organised by Help Age India on 1st October, 2013 which is observed as the "International Day for Older People". Balmer Lawrie was given this award for its unstinted support to cause of elders in collaboration with Help Age India.



- On 15th August, 2013 Balmer Lawrie was given an award for its exemplary support to the development of the community in Khadoli Village, Silvassa.