

Message of Continued Support to Global Compact

Ever since the famous Brundtland Commission's Report – “Our Common Future”, was tabled in 1987 at the United Nations, the desire to grow without compromising future generations' prospects is becoming more and more central to leading businesses. “Our Common Future” defines Sustainable development as, *“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”*

There are structural, knowledge, and policy linked barriers that prevent an organisation from truly integrating sustainability principles into its business strategy. These barriers could be factoring sustainability benefits in calculating business ROI, aligning goals of financial teams with those of goals of the sustainability teams, and in designing and implementing metrics that can properly account for external environmental costs. Balmer Lawrie is one of the founding members of the UN Global Compact, and is continuously evolving forward looking policies to effectively integrate sustainability goals with its strategic priorities.

The Communication of Progress report for the year 2014–15 is a synopsis of organizational efforts in execution of Sustainable Development and Corporate Social Responsibility (CSR) projects, adoption of green technologies and environment friendly processes. Our commitment towards the shared principles continues, and during the year we specifically undertook process improvements and technological up-gradations in our manufacturing businesses to reduce carbon footprint and protect the environment around our units/establishments.

The challenge remains in investing into achieving financial benefits through Environmental Sustainability. We will have to innovate and learn to create a culture of ‘think sustainability’ into our everyday operations across our diverse businesses, and create a value proposition that adds shine to our time tested corporate brand.

Viren Sinha
Chairman & Managing Director

Communication on Progress (CoP) Report – 2014-15

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. 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 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. A Memorandum of Settlement of IP, Sewree was signed between the Company and the collectives of workmen at Mumbai for a period of five years.
- 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.

- SBU: Greases & Lubricants adopted technology for spill prevention. Most of the oil storage tanks have been equipped with level sensors to prevent any overflow of tank.
- SBU: Greases & Lubricants has built secondary containments around the base oil storage tanks at Silvassa to prevent any kind of contamination of ground water with oil.
- Hazardous wastes are being disposed of from our manufacturing units as per the laid down rules of the Environment Protection Act 1986.



The Tank farm yard of G&L, Silvassa has been concretised and bunded to ensure no soil and ground

Principle # 8: Promoting greater environmental responsibility

- The company has installed a Zero Liquid Discharge Plant (ZLDP) for the units at Manali Complex, Chennai.
- 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 and 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.



ZDLP plant at Manali Complex, Chennai



Sewage treatment plant at CFS, Mumbai

- The CFS unit at Mumbai achieved zero discharge of sewage effluent. All the effluent are treated in-house and are reused in toilets, vehicle washing and gardening.

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.
- Energy efficient welding machines have been installed at our Industrial Packaging unit at Taloja in the recent past.
- Paints with lower volatile organic compounds (VOC), have been introduced in our Industrial Packaging units and state of the art technology has been adopted in the paint booth at IP - Navi Mumbai to minimize VOC emission in the air.
- 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 April 2013, with the aim of assisting all Executives in understanding the procurement process well.

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 being 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 March 2015 a safety leadership training was organised for leaders in respective business operations / support functions.

World Environment Day was observed with much fervour at various units/establishments of the Company on 5th June 2014. An online quiz on Environment was organised on an all India basis. Saplings were planted in various units and establishments as part of our green effort.

The 44th National Safety Week was observed from 4th to 11th March 2015 in all units/establishments across locations. The week commenced on 4th March, observed as National Safety Day, with the administering of the safety pledge and reading out of C&MD's message. 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.

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 and stakeholders have been engaged through various workshops, seminars, and training programs.

A sum of around Rs. 400 lakhs was spent during the year 2014-15, 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. 388 lakhs was spent during the year 2014-15, 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 2014-15.

i. Education

1. **Scholarship to students pursuing Engineering Diploma/Degree courses** - In pursuance of the right to education, this initiative for granting scholarship to students

pursuing Engineering Degree/Diploma Courses across the country was started in the year 2013-14. 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 payment for diploma courses ended in the year 2013-14. This year (2014-15) an amount of Rs. 11.20 lakhs @ Rs. 40,000 was given to each of the 28 students, under the renewal of scholarship (2014-15).

ii. Health

1. Continued support in providing medical care for the old and elderly through mobile health units at Chennai in collaboration with the Helpage India, which is in line with the policy laid down by Government of India for old age /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.



A BL sponsored Mobile Health Unit at Chennai

2. As part of the corporate social responsibility program, Balmer lawrie initiated Health checkup camps for drivers of commercial vehicles on 23rd June 2014 in Kolkata and subsequently camps were conducted across India, benefiting more than 50,000 drivers. In 2014-15, twenty health checkup camps were organised nationally.



Inauguration of the Health checkup camp at BL's Greases & Lubricants factory, Kolkata in June 2014

3. Balmer Lawrie organized a health check-up and a blood donation camp in collaboration with the Calcutta Custom House Agents Association on 30th January 2015. Around 110 participants including CHA representatives, truck drivers, labourers, contractors and employees of Balmer Lawrie expressed their solidarity towards this noble cause and 60 participants donated blood.



Inauguration of the blood donation camp in BL's Container Freight Station premises in January 2015

4. Balmer Lawrie sponsored a health checkup for the caddies and their families in Tolly Club, Kolkata on 12th January 2015. The camp was organised by the Caddies Benevolent Trust.



The Health checkup camp in progress at Tolly Club, Kolkata

iii. Drinking Water & Sanitation

1. Under the "Swachh Vidyalaya: Swachh Bharat Abhiyan" initiated by the Prime Minister of India, Balmer Lawrie undertook construction / refurbishment of toilets in government schools in the state of West Bengal, Andhra Pradesh, Haryana and Maharashtra. In the first phase, out of the total target of 79 toilets to be built by June 2015, 34 toilets have been built in 19 schools as on 31st March 2015. The toilets were built mainly in the primary schools of the government. Provision of water in the toilets was also checked. In the next phase toilets will also be built in the states of Assam (121 toilets) and Chhattisgarh (100 toilets). The Company plans to build 300 toilets by 2015.



Some toilets constructed by Balmer Lawrie

2. In 2014-15, the Company has undertaken the construction of an overhead tank of 2000 KL capacity as a part of CSR in Padghe village, Taloja. Based on the proposal received from the gram panchayat, this initiative will benefit 10,000 people in the village.



The tank in Padghe Village, Taloja (Navi Mumbai)

iv. Child Sustenance

1. Child care, including family support and education to orphaned/destitute children and children with physical and other disabilities. Balmer Lawrie supports three Family Homes at SOS Children's Village – 2 in Kolkata and 1 in Vishakapatnam.



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. In all 30 children are being supported. Balmer Lawrie also supported IICP in their fund raising Golf Tournament - "Hope Cup" in the years 2013, 2014 and 2015.



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 "Nabakalebara" in Odisha initiated by the Odiaha Tribal and Rural Tourism Cooperative Society Ltd. Nabakalaber is an ancient ritual associated with Shri Jagannath Temple, Puri in Odisha. More than 6 million devotees attend which usually occurs every twelve to nineteen years. This is the time when the idols of Lord Jagannath, Balabhadra, Subhadra and Sudharsan are replaced by new idols.

vi. Environment

1. Under the Swachh Bharat Abhiyan, a garden (Maharashi Karve Udyan) for the physically challenged children at Wadala, Mumbai has been supported by Balmer Lawrie and is being maintained by the Rotary club of Wadala.

Apart from these, Balmer Lawrie was one of the major sponsors of the Global Entrepreneurship Summit 2015 held at IIT – Kharagpur from 16th to 18th January 2015 and also provided support for promotion of Oriya literature and children identity badges during Durga Puja in Kolkata.