

Message of Continued Support to Global Compact

Increase in global warming continues to be a cause of concern for all of us. Scientists around the world have also agreed that the earth is growing warmer, and if we do not arrest this problem cohesively then there will be serious repercussions. The 2015 United Nations Climate Change Conference, COP 21 held in Paris at the end of last year, delved into the issue of global warming in a big way. The Paris agreement, which aims at keeping the rise in temperature below 2°C is a big step in protecting our "Common Future". We are all aware of "Our Common Future", adopted by the United Nations in 1987 to create a roadmap for sustainability of our planet and life on it. It aimed to discuss the environment and development as one single issue.

Business Sustainability is long being associated with creating value for all stakeholders, be it our customers or the communities that form part of the ecosystem that hosts our factories and establishments, and this is firmly integrated in the realm of the "Common Future". Our Communication of Progress (COP) report for the year 2015-16 is a summary of our achievements in driving seamless integration of our sustainability objectives with our business goals. I feel proud that our organization has survived the test of time and this year the company has stepped into its 150th year of Foundation. Balmer Lawrie (BL) has always been a caring organization and being a founding member of the UN Global Compact, sustainable development has always been a top priority with it.

BL has pursued integration of CSR into its mainstream business activities and I'm very happy to write that it has significantly contributed to Hon'ble Prime Minister, Shri Narendra Modi's vision to realize Gandhiji's dream of a 'Clean India'. We implemented the "Swachh Vidyalaya" program in Government Schools covering states of Assam, Chhattisgarh, Haryana, Andhra Pradesh and West Bengal. The Company has constructed/refurbished a total of 306 toilets and was the first PSU under MOPNG to have completed the construction of toilets on target. BL has committed to contribute in the establishment of the Skill Development Institute at Bhubaneswar, which is part of another key social enablement initiative of the Government of India to skill young India.

We are continuing to drive up the sustainability index of our businesses by designing and implementing various green and sustainable initiatives and by promoting renewable energy, water and energy efficiency, zero effluent discharge etc. This allows us to do more with lesser resources and reduces our organisation's carbon footprint significantly. Some of the key drivers of sustainability index last year were the installation of the 160 KW of Solar power plant at the Industrial Packaging units in Asaoti and Navi Mumbai, Zero Liquid Effluent Discharge plant at the manufacturing facility at Chennai, energy efficient welding machines at the Barrel Manufacturing units in Asaoti, Silvassa and Navi Mumbai. We've been successful in doing rain water harvesting in the factory premises at Navi Mumbai and Chennai.

We will continue to encourage our people to think of sustainability in their areas of operation and drive decisions in making our business processes, products, and the overall ecosystem conducive for sustainable growth.

Prabal Basu
Chairman & Managing Director

Communication on Progress (CoP) Report – 2015-16

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 Corporate 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 the 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 programs aimed at ameliorating the problems of the socially and economically downtrodden and the weaker sections of the society and improve their social and 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 (ATRs) 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 1 Association 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.
- 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.
- It also does not buy goods/products from agencies that use child labour.

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, including learning and growth.
- 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 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 the technology for spill prevention. Most of the oil storage tanks of the G&L factory at Manali, Chennai have been equipped with level sensors to prevent any overflow from the tank.
- SBU: Greases & Lubricants has built sound secondary containments around the new base oil storage tanks at its plant in Silvassa to prevent any kind of contamination of ground water with oil.
- SBU: Industrial Packaging has implemented rain water harvesting at its state-of-the-art barrel manufacturing plant at Navi Mumbai to ensure that the ground water table is maintained.



(L) The new tank farm yard of G&L, Silvassa has been concretized with sound secondary containment to ensure no soil and ground contamination. (R) Rain water harvesting unit at IP, Navi Mumbai.

Principle # 8: Promoting greater environmental responsibility

- The company has installed and maintained a Zero Liquid Discharge Plant (ZLDP) for the manufacturing units at Manali Complex, Chennai.
- Online ambient air and water monitoring system was commissioned at the Leather Chemicals division to confirm that the air and water quality in that region is as per the prescribed norms of the Environment Protection Act 1986.
- Regular plantation activities are being carried out at each plant and enough greenery is being maintained to promote greater environmental responsibility.



Greenery at G&L Silvassa Plant



Greenery at IP Asaoti Plant

- 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 units at Taloja, Asaoti and Silvassa 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.
- The IP plant in Navi Mumbai is a zero discharge plant. No water is being consumed in the process for degreasing.
- 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. Continuous trainings are being imparted to our workforce on the latest developments in the lubricant industry.

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.
7. The company has a practice of conducting internal and external audits by experts.

Sustainability Efforts

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 2015-16 a legal training on Health Safety and Environment 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 2015. An online quiz on Environment was organised on an all India basis. Sit and draw competitions were organised for employees' spouse and children. Saplings were planted in various units and establishments as part of our green effort.

The 45th National Safety Week was observed from 4th to 11th March 2016 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 and 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.

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 and 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 that form part of the areas 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.

With the advent of the various flagship programs launched by the government, we as an organisation take pride in furthering the initiatives which comes under the purview of CSR by engaging specialized agencies, and in keeping with the DPE guidelines, the Companies Act 2013 and Schedule VII of the Companies Act.

A total sum of Rs. 395.51 Lakhs was spent during the year 2015-16, 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 2015-16.

i. Education

1. Under the Swachh Vidyalaya : Swachh Bharat Abhiyan, toilets were constructed in the states of West Bengal (81 nos.), Assam (121 nos.), Chhattisgarh (100 nos.), Andhra Pradesh (2 nos.) and Haryana (2 nos.) for the students of the primary government schools.



ii. Health

1. An eye check-up camp was organised in May 2015 for the local community in Sayali Village near Silvassa, where we have some of our key manufacturing units. In all 248 people including workmen and their families and local villagers were covered. 138 spectacles were distributed to the local villagers.



Eye checkup camp at Sayali, Silvassa

iii. Drinking Water & Sanitation

1. As a part the Swachh Bharat Abhiyan, intensive CSR activities were taken up during the year. A water tank with a capacity of 1.50 lakh litres was installed at the Padghe village in Taloja, Maharashtra near our Industrial Packaging Plant. This tank will benefit at least 10,000 villagers residing in the villages.



Inauguration of the Water Tank at Padghe Village, Taloja, Navi Mumbai in March 2016

2. Maintenance of toilets constructed under Swachh Bharat Abhiyan - As part of the sanitation programs, the company has been maintaining the toilets through specialized agencies in Andhra Pradesh, Haryana and West Bengal as per the mandate by the government.

iv. Skill Development

The Skill Development Institute is being set up at Bhubaneswar, Odisha by member companies of the Ministry of Petroleum and Natural Gas (MOPNG), Govt. of India. The site has been identified for the implementation of phase -1 construction, and this would

incur an investment of Rs 15 crores including the land price. Balmer Lawrie will be contributing Rs 75 lakhs in 3 phases.

v. Child Sustenance

1. Child care includes 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 Vishakhapatnam.



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 for the charity Golf Tournament - "Hope Cup" held in Kolkata in the year 2015-16.



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

vi. Environment

1. Under the Swachh Bharat Abhiyan, a Composting Unit to convert organic waste into manure was installed at Victoria Memorial, Kolkata, which is a heritage site.



Inauguration of the Composting Unit at Victoria Memorial, Kolkata in February 2016

2. Balmer Lawrie distributed waste bins to schools and a rally, quiz contest, essay writing competition and other awareness programs were undertaken in South 24 Parganas during National Cleanliness Week as part of the Swachh Bharat Abhiyan.

vii. Disaster Management

1. During the devastating floods that affected Chennai, basic needs were a demand from the communities i.e. food, clothing and shelter. In this regard, our company distributed bed sheets in the Manali area to the communities for immediate relief.
2. The employees of the company also provided relief and succor to the earthquake victims of Nepal by donating one day's salary.

Apart from all these activities, Daan Utsav was celebrated in the month of October 2015, publications associated with "Swachh Bharat Abhiyan" were supported and Kolkata Police was supported for printing badges during Durga Puja.